

ULTIMATUM TO CONGRESS  
A Case Study of A  
Deficiency Appropriation

by

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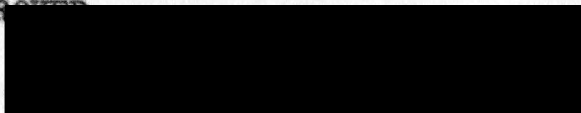




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## I

### THE CASE

#### Prelude

In the Spring of 1956, Congress passed the Treasury-Post Office Departments appropriation bill which included \$2,984,340,000 for the operation of the Post Office Department for the 1957 fiscal year, beginning July 1, 1956. The appropriated amount was \$15,660,000 less than requested by the President in his 1957 Budget. The House of Representatives had approved a report of its Committee on Appropriations which recommended a cut of \$26,100,000, and the Senate had approved a reduction of \$5,220,000. The conference committee recommended an even split of the difference between these two amounts, and this compromise passed both the House and Senate on March 28, with a minimum of debate. The President signed the bill into law on April 2, 1956.<sup>1</sup>

On July 9, a letter from the Post Office Department was received in the offices of the U. S. Bureau of the Budget requesting a supplemental appropriation for fiscal 1957 in

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<sup>1</sup>Congressional Quarterly Almanac, XIII, (1957), pp. 622-23.



the amount of \$30,100,000.<sup>2</sup> The letter was signed by the then Deputy Postmaster General Maurice H. Stans and it stated that the additional funds were required in view of unanticipated increases in the volume of mail and in other postal cost factors, including some "mandatory" increases resulting from the recent enactment of a statute requiring certain changes in the Department's employee leave policies. By this time, the last 1957 supplemental appropriation bill scheduled for consideration by the Eighty-Fifth Congress during its first session had already passed the House of Representatives and was to be considered by the Senate Committee on Appropriations within a few days time. In view of the rather close timing, the Bureau of the Budget quickly decided to approach the Senate Committee informally in an attempt to get the Post Office supplemental tied into that last bill.

The following day, July 10, informal contacts were made with the staff of the Senate Committee in order to give them notice of the supplemental request which the Bureau was planning to send up. However, Senator Carl Hayden (D.- Ariz.),

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<sup>1</sup>This data and the information relative to Bureau of the Budget's contacts with the Senate Committee on Appropriations during July, 1956, are taken from a letter from J. J. Eigenmann, Acting Chief, Commerce and Finance Division, U. S. Bureau of the Budget, May 26, 1960.

Chairman of the Committee, upon being informed of the situation, concluded that the matter was not sufficiently urgent to warrant its consideration during the relatively limited time remaining for that session. He asked that the supplemental request be withheld until after the convening of the next session in January, 1957.<sup>3</sup> The Bureau of the Budget and the Post Office Department complied with his wishes, and no formal written request for a supplemental was filed with either house of Congress. Congress adjourned for the year on July 27, 1956.

On the same day that the Bureau of the Budget had contacted the Senate Committee staff (July 10), it (the Bureau) had approved, in response to a request from the Post Office Department, a revision of the quarterly apportionments of the Department's 1957 appropriation.<sup>4</sup> This revision modified the initial apportionments for the "Operations" program of the Department by increasing the amount for the first quarter by \$7,000,000, and decreasing the amounts for the third and

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<sup>3</sup>Ibid.

<sup>4</sup>This and all subsequent data with respect to the amounts and timing of the 1957 apportionments is taken from the table appearing in U.S. Congress, House, Subcommittee of the Committee on Appropriations, Hearings, Second Urgent Deficiency Appropriation Bill, 1957, 85th Cong., 1st Sess., 1957, p. 171. Cited hereafter as House, Hearings, Second Urgent Deficiency.



fourth quarters by \$3,500,000 each.<sup>5</sup> On October 4, the Bureau of the Budget approved an additional revision in the Operations apportionments. This reapportionment allowed an increase of an additional \$5,000,000 in the amount for the first quarter, which was scheduled to end on October 19, and an additional \$5,000,000 for the second quarter. These additional amounts were made available by reducing the amounts for other programs of the Department and did not affect the amounts available for expenditure in the Operations program for the third and fourth quarters.

However, on December 14, further changes in the apportionment schedule were approved by the Bureau; these changes increased the amount for the second quarter again, this time by \$10,000,000. This amount was provided by decreasing the funds available for the third quarter by \$3,000,000, and those for the fourth quarter by \$7,000,000. Subsequently, the apportionment for the third quarter was reduced another \$2,000,000 in order to correct for a previous over-transfer from another program.

As a result of this series of reapportionments extending from July to December, 1956, the quarterly amounts for fiscal

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<sup>5</sup>The Operations program provides for the operation of the post offices and the delivery of mail, other than its transportation between post offices. This program consumes approximately two-thirds of the total amount appropriated to the Department. The other programs are Administration and Research, Transportation, Finance, and Facilities.



year 1957, as of January of that year, compared as follows with the original apportionments:

TABLE I  
APPORTIONMENTS FOR THE OPERATIONS PROGRAM<sup>a</sup>

Quarters	July, 1956	January, 1957	Change
1st	\$623 <sup>b</sup>	\$635	\$12
2nd	547 <sup>b</sup>	562	15
3rd	473	465	-8
4th	474	464	-10
Total	\$2,117	\$2,126	\$ 9

<sup>a</sup>In millions, rounded to the nearest million.

<sup>b</sup>The Post Office Department's fiscal year is divided into thirteen 4-week accounting months, with four of these months in the first quarter, and three months in each of the other quarters. Christmas falls in the second quarter and accounts for the concentration of expenditures in that period.

It is apparent from these figures that the expenditure rate for the first and second quarters was significantly above that provided for in the initial apportionments which are, of course, a reflection of the appropriated amount. However, the amounts allocated to the third and fourth quarters are \$8,000,000 and \$10,000,000 less, respectively, than the appropriated levels. In the face of expenditure rates higher

than anticipated and budgeted for the first half of the year such reductions in the last half become particularly ominous.<sup>6</sup>

On January 4, 1957, the second day of the Eighty-Fifth Congress, Mr. Percival Brundage, Director of the Bureau of the Budget, received a letter from Deputy Postmaster General Stans requesting the Bureau's approval of a request to Congress for a supplemental appropriation for the Department in the amount of \$53,000,000. This amount reflected the Department's latest estimates of its requirements for the remainder of fiscal 1957, as adjusted on the basis of the experience gained during the six months that had elapsed since the initial request for a supplemental was submitted in July. However, the Bureau did not approve this revised request and no information was transmitted to Congress with respect to the Post Office Department's fiscal condition. In his later testimony, Mr. Brundage stated that no request was forwarded to Congress at that time in accordance with a general policy of the Administration that required all agencies to live "substantially within" their regular appropriations. He also stated, however, that he continued to give the matter

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<sup>6</sup>It should be noted that the Post Office Department spends approximately 78 percent of its budget for the salaries and wages of its more than 500,000 employees. This compares with the following comparable percentages for other major federal departments: Agriculture, 8; Treasury, 4; Commerce, 29; Air Force, 28; Interior, 34. Ibid., p. 115.



study and consideration.<sup>7</sup> He did not testify whether or not the efforts of the Departments to live within their appropriations were to extend to the imposition of reductions in the going level of their various services.

House Hearings--- the 1958 Regular Appropriation

On January 15, 1957, a subcommittee of the Committee on Appropriations of the House of Representatives, Chairman J. Vaughan Gary (D.- Va.) presiding, commenced hearings on the appropriation requests of the Post Office Department for the 1958 fiscal year. Postmaster General Arthur E. Summerfield, Deputy Postmaster General Stans, General Counsel for the Post Office Mr. Abe McGregor Goff (a former member of Congress), and nine others of the Department's top staff appeared and offered testimony. Mr. Summerfield and each of his principal division chiefs testified on the general program and fiscal needs of the Department, with the concluding summary statement being offered by Mr. Stans, who then undertook to answer the questions of the Committee. During the course of his testimony, Stans stated that the Department had a supplemental request for 1957 "pending"

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<sup>7</sup>Ibid., p. 134.



before the Bureau of the Budget.<sup>8</sup> He stated that in view of the fact that the supplemental request had not yet been approved by the Bureau, he could not speak with certainty as to what the amount to be submitted to Congress would be, but that in the Department's opinion, the full \$53,000,000 would be required to complete the fiscal year without reducing services. The supplemental request was mentioned briefly on at least three separate occasions during the course of the hearing:

Mr. STANS. . . . This increased requirements, [sic] together with costs added by new legislation and some urgent capital items, have compelled us to seek a supplemental appropriation again this year. Our request is now pending before the Bureau of the Budget . . .

. . . In our present opinion, . . . [\$53,000,000] will be required to finish out the current year and meet the demands of service.

Mr. STANS. May I add one point, Mr. Chairman?

Mr. GARY. Yes, sir.

Mr. STANS. In addition, we are asking for, or expect to ask for, \$53 million more for 1957 for the circumstances I have described.

Mr. GARY. What additional supplemental appropriation will you request for 1957?

Mr. STANS. We are asking the Bureau of the Budget to clear, so that we can present it to this committee, a request for \$53 million.

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<sup>8</sup>Unless otherwise noted, the following data and quotations from the testimony are taken from the record of the hearings: U.S. Congress, House, Subcommittee of the Committee on Appropriations, Hearings, Treasury-Post Office Departments Appropriations for 1958, Part 1, 85th Cong., 1st Sess., 1957.

The report of the majority of the Committee issued at the conclusion of the hearings on the Post Office and Treasury appropriation for 1958 recommended the largest cut (\$58,000,000) in the history of the Post Office Department, and it made no reference to a possible need for a supplemental for 1957, nor did it mention the request of the Department for such a supplemental that was then "pending" in the Bureau of the Budget.<sup>9</sup>

A minority report was submitted by Representative Canfield (R.- N.J.), the ranking minority member of the Committee who had been its chairman in three previous sessions of Congress when his party had been in control. In his dissent from the report of the majority, he pointed out the omission of any reference to the pending supplemental, and stated that if such funds were to be allowed, the bill as approved "gives no increase whatever to meet the ever-growing volume of mail and the projected 5000 new city delivery routes and extensions planned for the new year."<sup>10</sup> He further stated that such action could only result in reductions from the current level of services.

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<sup>9</sup>U.S. Congress, House, Committee on Appropriations, Treasury and Post Office Departments, and the Tax Court of the United States, Appropriation Bill, 1958, Report No. 68, 85th Cong., 1st Sess., February 15, 1957.

<sup>10</sup>Ibid., p. 15.

Further Reapportionments

In the interim between the dates of the Committee's hearings and the issuance of the printed report, the Post Office Department had requested and received from the Budget Bureau a reapportionment of an additional \$20,000,000 for the Operations program for the third quarter.<sup>11</sup> These funds were made available by reducing the apportionment for the fourth quarter in a like amount. This latest transfer left the apportionments for the fiscal year as follows in comparison with the original allocation:

TABLE 2  
APPORTIONMENTS FOR THE OPERATIONS PROGRAM<sup>a</sup>

Quarters	July, 1956	February, 1957	Change
1st	\$623	\$635	\$12
2nd	547	562	15
3rd	473	485	12
4th	474	444	-30
Total	\$2,117	\$2,126	\$ 9

<sup>a</sup>In millions, rounded to the nearest million.

<sup>11</sup>House, Hearings, Second Urgent Deficiency, p. 171.



This table sets forth the development of a classic deficiency situation. The expenditure rates for the first three periods are consistently in excess of the amounts apportioned originally, yet the last period shows a substantial decrease in the amount of funds available for carrying on an apparently expanding program. In view of the increased level of the first three quarters, even an increase of \$30,000,000 in the funds available for the fourth quarter would be insufficient assuming the same relationship between the third and fourth quarters as predicated in the July, 1956, apportionments approved by the Bureau. If the pattern were to hold as then estimated, approximately \$42,000,000 would be required to sustain the expenditure plan, which shows a fourth quarter estimate of one million more than that estimated for the third period. In the absence of any known and marked program factors to the contrary, a deficiency would appear to have been inevitable at this point, February 4, 1957.

As was made evident by later testimony, Mr. Brundage, Director of the Budget Bureau, was uncertain at this time as to whether or not a supplemental would be required. On or about this date, he telephoned Mr. Kenneth Sprankle, Chief Clerk of the House Appropriations Committee, and stated that he was considering approving a supplemental request for \$20,000,000, but that the issue was still in doubt. When

Mr. Brundage later testified as to his doubts, Committee members implied that his open expression to Mr. Sprankle of his uncertainty tended to reinforce the majority's inclination to make a significant reduction in the Post Office Department's regular 1958 appropriation request.<sup>12</sup>

House Debate--- the 1958 Regular Appropriation

On February 19, debate began in the House of Representatives on H.R. 4897, the regular appropriations bill for fiscal 1958 for the Treasury and Post Office Departments. This was the first appropriation bill to reach the floor during the Eighty-Fifth Congress, and thus it was the first opportunity for critics of the 1958 Eisenhower budget to give active meaning as well as prolonged vent to their views.<sup>13</sup> The Committee's recommended cut of \$58,000,000 from the request was discussed at length and occasionally in terms that would have meaning for the 1957 deficiency appropriation as well:

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<sup>12</sup>Ibid., p. 133.

<sup>13</sup>Most observers would probably agree that the first appropriation bill of any legislative session tends to attract more attention and undergo more detailed scrutiny and criticism, ceteris paribus, than following bills. This would appear to be particularly true where, as in this instance, the President had invited the Congress to make reductions in his budget. The following summary of and quotes from the debate are taken from U.S. Congress, Congressional Record, 85th Cong., 1st Sess., Vol. 103, Pt. 2, February 19, 1957, p. 2251ff.



Mr. BASS of Tennessee. How will the \$58 million cut be sustained by the Post Office Department?

Mr. GARY. That is up to the Post Office Department. It will be sustained by additional economies in operation.

The discussion shifted to the closing of small post offices in the interests of efficiency and economy, and Mr. Bass (D.- Tenn.) raised a point:

Mr. BASS of Tennessee. . . . At the same time, it is a very small item, . . . it is a matter of community identity. These post offices, of course, do not perform the service for which, maybe, they were intended to perform, but they are a vital part of the community, and if it is such a vital part and if it is so vital to the people of the community, I think if we can afford to send \$200 million over into the Middle East and to some of those other foreign countries, we can afford \$1000 a year to keep the post office open in a community that really wants it.

Representative Passman (D.- La.), a member of the subcommittee that had recommended the \$58,000,000 cut had just previously pointed out that he had received a petition bearing 311 signatures protesting the closing of a post office that served 23 patrons. Chairman Gary then pointed out that this same subcommittee had secured the discontinuation of two-deliveries-a-day service under the previous administration and that after the "hue and cry" had died down it saved the Post Office Department \$100,000,000, and that policy was, in all probability, currently saving \$150,000,000 per year. He further stated that one of the "top officials" of the Department



had told him that they might cut out the delivery of everything except first-class mail on Saturdays and thereby save \$10,000,000, and "certainly nobody would be hurt if they did not deliver junk mail on Saturday. . . . Let the Department scratch around and find some of these places where it can save some money."

Mr. Canfield, the ranking minority member of the Committee, spoke against the bill as reduced by the Committee, and referred directly to the possible supplemental as the "crux of the whole problem." He stated that the Post Office was "currently asking the Bureau of the Budget for a supplemental appropriation of \$53,000,000 to carry it through fiscal 1957." He then added that the Post Office was then borrowing

millions and millions of dollars from its fourth quarter apportionment; and unless they have substantially the \$53 million . . . they will then have to prescribe payless paydays for the 526,000 employees of the Post Office Establishment.

The possibility of a supplemental came in for notice again later in the debate through the following exchange:

Mr. CORBETT. Then, does not that add up to the fact that last year the appropriation, plus the pending supplemental, minus the mandated cost, would be---

Mr. GARY. Mr. Chairman, if the gentleman would not mind an interruption, there is no pending supplemental.

Mr. CORBETT. Why would the Department inform me that they made the request then?

Mr. GARY. The Bureau of the Budget has never made any recommendation, and no request for supplemental funds has come to the Congress.

On February 20, the House passed the 1958 appropriation by voice vote after beating down an amendment by Representative Canfield to restore \$29,000,000 of the cut. The New York Times reported that both parties split on the vote and stated that the extent of the division in Republican ranks was "emphasized" when Representative Joseph W. Martin, Jr., Republican floor leader voted for the Canfield amendment while Representative Halleck, assistant Republican floor leader, voted against it.<sup>14</sup>

At the time that this debate was being carried on, the supplemental request of the Post Office was still under consideration in the Bureau of the Budget. In a letter to Mr. Canfield, Deputy Postmaster General Stans stated that it was his understanding that the Bureau would submit the request to Congress "sometime before the end of March. . . ."<sup>15</sup>

On March 12, the Bureau of the Budget transmitted to Congress a list of proposed supplemental appropriations and authorizations, including an appropriation of \$47,000,000

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<sup>14</sup>The New York Times, February 21, 1957, p. 16.

<sup>15</sup>Reprinted, Congressional Record, Vol. 103, Pt. 2, February 20, 1957, p. 2333.



for the Post Office Department. The request for the appropriation appeared on page 26 of the transmittal (House Document No. 115), and consisted of the following statement:

For an additional amount for "Operations," \$47,000,000. This proposed supplemental appropriation is to provide for unanticipated city delivery extensions required by the unprecedented growth of suburban communities, and an additional amount for post office clerks, brought about by increases in mail volume and in the average salary costs above that estimated in the 1957 budget.<sup>16</sup>

The supplemental request of the Department had been reduced \$6,000,000 by the Bureau. This reduction represented the deferral of certain new facilities, and did not bear upon the Operations requirement.

Two weeks after the transmittal of the supplemental request, hearings opened on H.R. 6870, which contained the amount proposed for appropriation.

#### House Hearings--- the 1957 Deficiency Request

The request of the Post Office was clearly the principal item in the bill--- of the total of \$55,000,000 in appropriations proposed in it, \$47,000,000 was scheduled for that Department. The hearings opened on March 26, 1957, with

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<sup>16</sup>U.S. Congress, House, Proposed Supplemental Appropriations and Other Authorizations for Various Agencies, House Document No. 115, March 12, 1957, p. 26.



Chairman Gary presiding, and Postmaster General Summerfield and Deputy Stans testifying.<sup>17</sup>

Early in that portion of the hearing devoted to the Post Office request, Representative Gary attempted to get at the critical question of the timing of expenditures and apportionments as related to the subsequent deficiency situation. In response to a question from Mr. Gary, Mr. Stans gave a complete history of the changes in the Department's apportionment schedule, and then the Chairman asked:

Mr. GARY. At what point did these apportionments indicate a need for supplemental funds?

Mr. Stans. Mr. Chairman, we were aware before we began the fiscal year that we were going to have trouble because of the inadequacy of city carrier funds. We reported to the Bureau of the Budget last June or July that we expected to be \$30 million short in our city carrier needs because of the fact that 1956 had outgrown our expectations so much.

Chairman Gary then read the following excerpt from the so-called Anti-Deficiency Act, 31 U.S.C. 665:

All appropriations or funds available for obligation for a definite period of time shall be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period.<sup>18</sup>

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<sup>17</sup>House, Hearings, Second Urgent Deficiency, pp. 78-128. Unless otherwise noted, the following data and quotes are taken from this record of the hearing.

<sup>18</sup>See Appendix A for the full text of the apportionment provisions of this act.

He then questioned Stans as follows:

Mr. GARY. . . . Do you think this provision has been violated here?

Mr. STANS. No, we do not, because we specifically asked the Bureau of the Budget for these reapportionments, and they undertook them under their authority after consideration of the question of whether they had the authority to make them.

Mr. GARY. Did the Bureau of the Budget raise that question?

Mr. STANS. I am not sure who raised it, but it was discussed and the Bureau concluded that it had the right to make unequal apportionments.

Chairman Gary then stated that he believed that the act had been violated, but Representative Canfield pointed out that the Post Office had told the Committee during the January hearings on the regular 1958 appropriations that they were going to run short of funds if the current rates of expenditure continued in accordance with the workload trends.<sup>19</sup> Mr. Gary replied that the Committee did not know that the Bureau of the Budget would actually request the supplemental until March 12, when the request was sent up. He pointed out that the Bureau had gone ahead and made reapportionments without making a request for additional funds, and "without consulting the Congress." At this point, Chairman Gary indicated that the Committee needed the testimony of Mr. Brundage, Director of the Bureau of the Budget.

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<sup>19</sup>Above, pp. 6-7.



The following exchanges developed from the Chairman's persistent concern about the possible law violations which had occurred in allowing the potential deficiency to develop:

Mr. SUMMERFIELD. . . . There certainly is no evidence in here of anyone's efforts to circumvent any statute or regulation.

Mr. GARY. But, there has apparently been no effort to cut down on that, or to meet the appropriation. You made your original estimate and the Congress cut it and there has been no effort at all--- let me ask you this:

What efforts were made by the Department beginning in July 1956 to enforce operations within the appropriation that Congress had granted?

Mr. SUMMERFIELD. If I may answer this, first: One thing we did not do. We did not try to influence the American public to use the United States mail to a lesser degree than they desired to, and you know it was this volume of mail which was the cause of this, and which, of course, we are required to handle, and you gentlemen of the Congress expect us to do it.

Mr. GARY. But, are there not certain economies in operation that can be put into effect which would enable you to operate within the fund?

Mr. SUMMERFIELD. Mr. Chairman, I do not know if you mean that as an implied criticism of the Department for the efficiencies that we have been responsible for in the operation of this Department, including the year 1957.

Mr. GARY. I think you have put in some economies, but I do not think you have put in all you can.



Mr. SUMMERFIELD. Mr. Chairman, I do not know of any group that would be more appreciative of any suggestions that you can spell out for us as to what we can do in this Department to further increase our efficiencies without destroying the service itself, and we would be very, very grateful to you to have you point them out to us.

I have said that before to this committee, Mr. Chairman, and I repeat it.

As to the efforts which we have made, Mr. Chairman, I will ask Mr. Stans to enumerate just a few things for the record, sir.

Mr. STANS. Mr. Chairman, we were conscious of a deficiency in money from the beginning of the year. As I said, we started out with the fact that because we were so short in 1956, we had to carry an extra burden in 1957.

We began the fiscal year by taking what we believed to be every conceivable step to restrict spending short of blanket cuts to the post offices across the country. Traditionally, in the past whenever the Post Office was short of money, the procedure was to cut every post office in the country by a flat percentage. We did not believe that was the way to deal with this problem at this time.

We had two meetings last year with our regional directors and had them in and went over the whole budget situation and we discussed every means whereby we could save money short of curtailment of service.

We considered any way in which we could by changes in regulations or basic procedures save some money as, for example, eliminating the use of locks on parcel post sacks. We felt we could save, perhaps, \$1 million a year by doing so, and we put it into effect.

We have taken every conceivable action of that type that we could accomplish at headquarters by issuing orders or instructions. We know of no others that we can attempt in that general category without decreasing service.

Now, the rest of the money that we save has to be saved in the field. It cannot be saved by blanket cuts effectively without impairing the service, nor can it be saved from any central source.

. . . . .  
 . . . We have considered whether we can take some part-way measures such as delivering only first-class mail on Saturdays, but we are of the opinion that the American public is not ready for that, and that the screams of the public that would be heard by the Members of Congress would be so great that we would be forced to restore any service cuts of that type immediately.

Mr. GARY. Do you think that the public would scream against the nondelivery of third-class mail on Saturday when the senders of that mail are urging the Congress to hold the rate down so that they will continue to pay only approximately 50% of the cost of handling it?

Mr. STANS. Mr. Chairman, if all the Members of Congress felt the same as you do about that, I do not think we would have any problem, but there are many Members of Congress who do not feel the same way.

From this point it was developed by Mr. Canfield that the entire Committee and the Post Office Department were in agreement that postal rates should be increased,<sup>20</sup> but that the Committee still had a responsibility to tell the Postmaster General where to cut services when sufficient funds to continue the existing program are not made available.

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<sup>20</sup>During the preceding session of Congress, a rate increase bill passed the House but died in Senate Committee. Congressional Quarterly Almanac, XII, (1956), pp. 466-68.



The remainder of the hearing was devoted to miscellaneous questions which brought out various statements by the representatives of the Department in their attempts to demonstrate the validity of their appropriation requests. Mr. Summerfield testified that only 4.3 percent of the Department's budget was "controllable" by the Department, so that a 2 percent cut such as that made in their 1958 request by the House was really a large one. He did not supply, nor did the Committee request, detailed information as to how this percentage was computed. Mr. Stans stated that if the full \$47,000,000 deficiency request were to be granted, the amount voted for 1958 would be \$27 million short of the amount necessary to maintain the current level of services in the face of the increasing volume of mail. He also pointed out, in connection with transportation costs, that "nothing brings more protests" than a change in the method of transporting the mail. Shortly after this, the hearing ended without any resolution or conclusion.

The following day, March 27, at the request of the Committee, Percival Brundage, Director of the Bureau of the Budget, and Mr. Broadbent of the Bureau's staff, appeared to testify.<sup>21</sup> Representative Gary opened the hearing by

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<sup>21</sup>The record of this hearing is included in House, Hearings, Second Urgent Deficiency, pp. 128-41.



again reading from the Anti-Deficiency statute, and stated that the law allowed only two exceptions from apportionments made in such a manner as to prevent the need for a supplemental or deficiency appropriation: where Congress passes a law subsequent to making an agency's appropriation and the new law requires expenditures beyond administrative control, and where there is an emergency involving life or property. He then asked Mr. Brundage to explain his action on the apportionments to the Post Office which were in "definite violation of the Act." Mr. Brundage replied as follows:

With respect to this supplemental and the reapportionment . . . , the whole story briefly is this: In July of 1956 we received word from the Post Office Department that they felt that the reduced appropriations for the fiscal year 1957, approved by the Congress, would be insufficient, and that they would need some more for operations.

Well, we put our staff on it and, as you know from previous testimony, we have been dead against supplementals, not only in general principle but in each specific case.

I made every effort to persuade them that they must live within their appropriation.

Mr. Brundage then recounted the receipt by the Bureau of the Post Office letter of January 4, 1957, requesting the approval of a supplemental request of \$53,000,000 and stated, "I specifically said I would not send up a supplemental for those amounts." He further testified that the reapportionment of \$20,000,000 from the fourth quarter to the

third was deemed necessary in February because the Post Office made a "strong appeal" and told him that they had to have it "or curtail services." Speaking of the Bureau's consideration during February of the Department's deficiency request, he said,

I still disputed the necessity for the supplemental and they told me that they would be offset by additional receipts which they expected.

I called Ken Sprankle [clerk of the House Appropriations Committee] about it and he said those receipts would not be deductible from the operations because it would go into receipts to the Treasury. But I still refused to admit that they could not live within their reduced budget for the fourth quarter, and I put our staff on it to make another exhaustive study.

I might say this came up in connection with the hassle we were having on all budget supplementals, and I was studying everything. I just said "No, No, No, No." I just said I wouldn't approve anything.

However, his staff later convinced him that the supplemental request would have to be submitted and he "reluctantly" sent it up on March 12. His testimony to the Committee continued,

I think now that what I should have done at that time was to notify you and send up a notice that there might be a deficiency. . . . I don't think I should have done it in February, because I was not at all convinced but I should have done it, I think, when I sent out the supplemental. I would like to correct that now. I should officially report that.

He stated that Postmaster Summerfield came to see him and that he (Brundage) "finally gave way." The questioning continued,



Mr. GARY. Don't you think the antideficiency law has been violated in this case?

Mr. BRUNDAGE. I don't know. I am not too familiar with this. . . . I don't think there was any mistake actually in February, but I think I should have sent it up in March when we came to the conclusion there was going to be a necessity for supplemental. /sic/

Apparently Mr. Brundage felt that the situation would have been improved if, at the time that the supplemental request finally left his agency on its way to Congress, he had sent a specific notice along with it to alert the Committee to the rapidly developing deficiency situation.<sup>22</sup> His thinking in this regard produced no reaction from the Committee, and at this point Mr. Gary undertook to outline to Mr. Brundage the rationale behind the Anti-Deficiency law, and concluded his analysis as follows:

We are convinced that it was a violation of the antideficiency law, and that is the reason we wanted to discuss it with you. We think that law is a very important law.

Mr. BRUNDAGE. Surely.

Mr. GARY. And a violation of it in our judgment is very serious.

Mr. BRUNDAGE. I feel just as unhappy about it as you do.

Following this exchange, Mr. Canfield spoke up. He pointed out that situations similar to this one had occurred

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<sup>22</sup> Actually, such a procedure is specifically required under Section (e) (2) of the Anti-Deficiency Act. (See Appendix, p.112.) However, no notice of this fact was taken during the course of these hearings.



in the past, but that representatives of the Administration usually came and discussed the problem with the House and Senate Appropriations Committee chairmen and with the ranking minority members. He said that in such a situation "it would be understood that the Post Office Department was in a unique position and would have to be treated accordingly," and asked Mr. Brundage if any such conferences had been held. Mr. Brundage replied that to his knowledge the only action taken along those lines was his call to Mr. Sprankle, wherein he had told Mr. Sprankle of the doubtful possibility of a supplemental request for \$20,000,000.

Mr. Brundage stated that he had given further consideration to the need for a supplemental in the interim between February 4, the date of the \$20,000,000 reapportionment, and March 4, when he decided to approve the \$47,000,000 deficiency request. At this point, Chairman Gary read from the Anti-deficiency act:

No apportionment or reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made . . .  
(Italics mine.)

Mr. Brundage responded:

I think it is in the judgment of the official making such reapportionment, as you read there. I just told them I would not send up a supplemental for even \$20 million at that time.

You must bear this in the context that I was under then. I just said "No" to everything in general on general principles, because I was under instructions from the President to live within--- substantially within--- the figures, so I was pretty ruthless about this thing.

The role of the Bureau of the Budget came in for consideration when Representatives Gary and Canfield disagreed as to whether or not supplemental appropriations for the Post Office "evaporate"--- the point being that, in Mr. Gary's judgment, Congress cannot be expected to anticipate actions of the Executive, particularly in view of the fact that program changes or action by the Budget Bureau sometimes cause the need for supplemental appropriations to "evaporate" before the fiscal year ends. The following quotations from the record illustrate the problems of communication involved:

Mr. GARY. . . . Many departments are frequently asking for deficiencies or for appropriations which they do not get because the Bureau of the Budget refuses them. We had no intimation from the Bureau of the Budget that the request for a supplemental appropriation would be allowed for this year.

. . . . .

Mr. CANFIELD. I take no offense at what our distinguished chairman said, but when men . . . say that they have seen supplemental requests like this evaporate, I for one have never seen a Post Office Department supplemental evaporate, and I do not think that was quite fair.

All of us knew they were going to come down for something.

Mr. GARY. It was fair in view of Mr. Sprankle's understanding of his conversation with Mr. Brundage, and Mr. Brundage himself says that he told them "no" for a long time.



Mr. CANFIELD. Yes, but Mr. Sprankle told us yesterday that he found out soon thereafter that Mr. Brundage was not well apprised of the full facts of the situation. In other words, I think Mr. Sprankle used the term yesterday "that he (Mr. Brundage) was a bit confused on the whole picture."

. . . . .

Mr. WILSON. [(R.- Ind.)] Mr. Brundage, how long have you been in this job that you now hold?

Mr. BRUNDAGE. Not quite a year.

Mr. WILSON. Well, listen; do not let anyone kid you for a minute, because those of us who have been on this committee or in the Congress for 17 years, knew when the bill passed last year there would have to be more money, and we knew it when we passed the bill for this next year. . . . There is not a man on this committee but what knew there would have to be a supplemental.

Mr. GARY. I do not agree with that at all.

Mr. PASSMAN. [(D.- La.)] I want to have the record indicate that if I had not thought they could have lived within it, I would not have voted for it.

Later the discussion shifted to the ability of the Post Office Department to absorb cuts of varying sizes. The wishes of some of the Committee members to have the Department take cuts without reductions showing in the quantity or quality of service rendered to the public became evident when they tended to belittle the amounts of the cuts under discussion. For example, referring to the Committee action on the 1958



appropriation, Mr. Gary pointed out that if we are to have economy in government, the Post Office Department ought to be able to take a cut of two percent of its budget request. Mr. Passman pointed out that \$47,000,000 is not a very large sum when considered in terms of the approximately \$3,000,000,000 budget of the Department and the twelve months period over which the Department could have spread the reduction if they had acted promptly. He added that some services could have been reduced without doing any harm, and pointed out that the Budget Bureau must have agreed with this even as late as February or they would not have delayed the supplemental request until March 12. Mr. Brundage offered the following comments by way of general explanation of his actions,

I was trying to make everybody live within their appropriation.

. . . . .

I was taking the same position with all the departments, because I thought we should have an austere operation.

On several occasions, Representative Canfield pointed out that, contrary to previous practice, in reducing the 1956 and 1957 appropriations the Committee had not indicated where the cuts were to be taken. However, Mr. Gary, with Representative Passman's concurrence, maintained that regardless of past practices, the Anti-Deficiency act had been violated in this instance, and on that note, the session ended.

Senate Hearings--- the 1958 Regular Appropriation

Five days later, on April 1, Postmaster General Summerfield, Deputy Stans, and eleven other representatives of the Department appeared before a subcommittee of the Senate Committee on Appropriations and testified relative to the Department's regular 1958 appropriation request. Present at this hearing for the Senate were the Chairman, A. Willis Robertson (D.- Va.), and Senators Hayden (D.- Ariz.), Pastore (D.- R.I.), Dirksen, (R.- Ill.), and Potter (R.- Mich.).<sup>23</sup>

Early in the hearing the discussion centered upon the 1957 supplemental request and Mr. Summerfield told the Committee he was awaiting action on that request from the House Committee. Senator Robertson stated that his Committee was intending to delay their hearings on the 1958 regular request, but that they had heard a rumor to the effect that "it might be June 30" before action was finished on the supplemental request.

The general tenor of this hearing is made clear in the following statements:

Senator ROBERTSON. . . . Yesterday two members of the House Post Office Subcommittee said that if we were going to increase this bill [1958],

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<sup>23</sup> The following summary and quotations are taken from the record of the hearing: U.S. Congress, Senate, Committee on Appropriations, Hearings, Treasury and Post Office Departments Appropriations, 1958, 85th Cong., 1st Sess., April 1, 1957, pp. 45-116.



the House was not going to take it. That puts us in a rather embarrassing situation, and if they are not going to take it we are wasting time to try and justify increasing it and have them say "Well, you did it unnecessarily. It wasn't necessary at all. We went over those things."

Senator DIRKSEN. Of course, Mr. Chairman, we have been through that agony with the House before, I have myself many times, and it is true the Senate is still a branch of the Congress. I mean to assert our full rights as best we can.

Senator PASTORE. The Senate is not ready to roll over and play dead.

Mr. SUMMERFIELD. And neither is the Postmaster General.

Senator DIRKSEN. . . . I do not want to see you and Maurice Stans and Tony Kieb and Abe Goff go to jail, but you know there is an antideficiency statute . . .

" . . . Any officer or employee of the United States who shall violate subsection (a), (b), or (h) of this section shall be subjected to appropriate administrative discipline, including when circumstances warrant, suspension from duty without pay or removal from office, and any officer or employee of the United States who shall knowingly and willfully violate subsection (a), (b), or (h) of this section shall, upon conviction be fined not more than \$5000 or imprisoned for not more than 2 years, or both."

Now, you have asked for \$47 million.

Mr. SUMMERFIELD. Yes.

Senator DIRKSEN. Suppose in the next 90 days you do not get the \$47 million.

Mr. SUMMERFIELD. I can tell you what is going to happen. I am not going to jail. I am going to pull the string some morning and that will be it.

Senator DIRKSEN. Just where will you pull the string?  
That is important.

Mr. SUMMERFIELD. . . . We will have to curtail service  
and lay off people.

Senator PASTORE. But you do not have any intent to  
slow down the operation or the services until  
such time as you actually know that you are  
not going to get your supplemental?

Mr. SUMMERFIELD. That is right. We have no right to  
do that. As I said earlier, we are still  
charged with serving the patrons of the post  
office, and that is 170 million people in  
this country, who pay a specific charge.

Shortly after this exchange, the problem was projected  
against the larger background that prevailed at the time.  
Questions as to the "proper" size of the federal budget and  
as to the "appropriate" conduct of a President in the prep-  
aration and submission of budget estimates were a major source  
of public debate from January, when the 1958 Budget had been  
presented by the President, until after the close of the  
hearings being reviewed here. President Eisenhower had de-  
fended his budget against critics, but at the same time,  
he had pointed out that it was the duty of Congress to reduce  
the budget in those areas where, in its judgment, the programs  
were not essential to the national welfare. In addition,  
Secretary of the Treasury Humphrey and others in the Executive  
Branch had expressed some reservations as to the total budget.  
These broad questions and the debate which ensued are related  
to the Post Office situation in the following:



Senator PASTORE. I do not mean to get into this debate but I think as long as your increase in the cost of Government is consonant with the increase in the required services and in the increases in the gross product of the Nation, why do we get so disturbed if at sic 1958 costs are a little more than 1957 when we know that that is the sign of progress, if it is a reasonable gradual increase that is constant?

. . . . .

If a governor or President cannot stand up and say this is my budget, I think it is a fair warning that it can be cut. I think you sow the seed that actually brings you all the trouble we are having in the last few days.

Mr. SUMMERFIELD. I am sure the President of the United States expects that Postmaster General to defend this budget.

This matter was not pursued further by the Committee.

Later Senator Pastore returned to the question of the difficulties being experienced with respect to securing adequate financing of the 1957 fiscal year:

Senator PASTORE. Did you know in the first and second quarter that in fiscal 1957 you were going to have a deficit of \$47 million.

Mr. SUMMERFIELD. Yes.

Mr. STANS. I think we can clear up why we have a \$47 million deficiency for 1957 by telling you of the three factors that caused it: \$16.8 million is due to the fact that the impact of Public Law 68, and the reclassification provisions of it, passed by the 84th Congress, exceeded the estimates that we originally submitted before the law actually went into effect; \$20.4 million of the \$47 million we need is due to the fact that delivery service extensions

far exceeded our estimated requirements, and we provide delivery service extensions according to a formula based upon population density. Following that same formula we ran \$20 million short; and \$9.8 million is due to the fact that the mail volume in 1957 increased in excess of what we thought it would be before we began the year. That adds up to \$47 million.

Following this discussion, the Committee's attention shifted to other matters dealing with 1958 again, and there was no follow-up on this particular line of inquiry with respect to the 1957 situation. In any event, Stans's point to the effect that the potential \$47,000,000 deficiency was being forced upon the Department by an inevitable logic of events apparently satisfied the Committee. At least, there were no further inquiries designed to elicit what efforts the Department had made to "absorb" the new costs through the modification of formulas or other reductions in the level of services being offered. The program remained intact.

With respect to 1958, Postmaster General Summerfield left no doubt that he wanted Congress to specifically indicate what services he was to reduce in order to "live" within the \$58,000,000 cut that the House had passed:

Senator DIRKSEN. In other words, you want a bill of particulars setting out not only the areas, but the specific functions where it ought to be cut.

Mr. SUMMERFIELD. As far as the House position is concerned, they did not seriously consider, apparently, the recommendation of the Post Office Department. They changed the rules, so I would like some direction.



Senator PASTORE. But you have the authority under the law to make the cuts on your own if you have to.

Mr. SUMMERFIELD. In some areas, yes.

Following the testimony of the Department, the Committee invited brief comments from William C. Doherty, President, National Association of Letter Carriers, Paul A. Nagle, President, National Postal Transport Association, and Thomas G. Walters, Operations Director, Government Employees Council, A.F.L.--C.I.O. The statements of these representatives of employee organizations were, in accordance with the expressed wish of the Chairman, brief and to the point. They took the form of explicit requests for the Committee to restore the 1958 House cuts and to grant the request of the Department for the deficiency appropriation for 1957.

#### Further House Hearings--- the 1957 Deficiency Request

On Wednesday, April 3, one week after his last hearing before the House Committee, Postmaster General Summerfield telephoned Representative Gary and pointed out that his fourth quarter apportionment would become available for expenditure within three days, and that he would have to plan for service reductions to be effective on that date--- Saturday, April 6. He requested an immediate hearing with the Committee in view of the fact that he had not heard as to what decision that

group had arrived at with respect to his deficiency situation. His request was granted and a hearing was scheduled for that afternoon.<sup>24</sup>

The speed with which this hearing was arranged is indicative of its critical timing--- its importance is further underlined by the fact that Representative Joseph Cannon (D.- Mo.), Chairman of the full House Committee on Appropriations, and Representative John Taber (R.- N.Y.), the ranking minority member of that committee, were in attendance.

Mr. Summerfield began his testimony by reading a telegram that he had composed for transmittal to the Committee, but which he had brought with him in view of the promptness with which the hearing had been arranged. The problem facing the Post Office, as it appears at this point, is outlined by the following excerpt from that message:

Obviously we do not intend to spend more money than the Congress appropriates to us. Therefore, we must now determine, with such help as you may be able to give us, whether we should start curtailment of services on Saturday, April 6, at the beginning of the fourth quarter, in order to complete the year within funds presently available, or whether we may plan on funds sufficient to permit continuance of the postal service at existing levels. Obviously, the longer any such decision is delayed, the more drastic will be the impact of any curtailment of the mail service.

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<sup>24</sup>The following summary and quotations are taken from the record of the hearing which is included in House, Hearings, Second Urgent Deficiency, pp. 141-70.



The Postmaster General then proceeded to spell out in detail the service cuts that could be effected in order to keep the Department's expenditures within the total 1957 appropriation. The possible savings listed totalled \$71,000,000 and were designed to permit Congress to be selective in determining which service reductions should be placed into effect in the event that the Department's request for \$47,000,000 could not be granted:

TABLE 3  
POSSIBLE SERVICE REDUCTIONS, FOURTH QUARTER  
FISCAL YEAR 1957

	Savings in millions
1. Discontinue city carrier deliveries of all classes of mail on Saturdays . . . . .	\$10
2. Close all post offices on Saturdays and discontinue all rural deliveries on Saturdays . . . . .	4
3. Discontinue selling money orders (presently selling one million per day) . . . . .	4
4. Reduce deliveries of business district mail in cities to 1 per day . . . . .	2
5. Embargo on acceptance and delivery of all 3rd class mail, excepting merchandise under 8 ounces . . . . .	30
6. Postpone all employees' annual leave until after July 1 . . . . .	15 <sup>a</sup>
7. Postpone purchase of uniforms . . . . .	3 <sup>a</sup>
8. Postpone certain equipment purchases . . . . .	3 <sup>a</sup>
Total	<u>\$71</u>

<sup>a</sup>These items would increase the requirements for 1958.

Mr. Summerfield's testimony continued:

Frankly, I think it would be a dark day in America if any of these things were to be done. In this country of ours today, enjoying its greatest period of prosperity, greatest era of expansion, greatest era of employment, to deny the American public service or a portion of a service that they themselves pay for, specifically, in every instance, is almost unthinkable. If our patrons are not paying enough for the services, Mr. Chairman, then it is not the fault of the users of the mails, but of the Congress for failure to provide adequate postal rates.

. . . . .

I certainly hope that this committee accepts our position as stated by me, as being based upon fact; it represents our best judgment of the matter now under consideration.

Mr. Gary responded to this testimony by pointing out that, in effect, the Post Office was asking the Committee to separate its request from the others sent up by the Budget Bureau in the name of the President because of the urgency of the situation. He then stated that if anything was late, it was "due to no fault of Congress whatsoever." He proceeded to retrace, in general fashion, the chronology of events leading up to the present hearing. This brief history was probably of help to Representatives Cannon and Taber who had not attended any of the previous hearings on the Post Office problem.

At this point, Representative Cannon gave Postmaster Summerfield a long lecture on the history of Congressional attempts to control deficiencies. The following excerpts are indicative of its scope and direction:



Of course, the stability of any government depends on the soundness of its fiscal policy and its fiscal status. If Charles I had been able to solve his fiscal problems he would have kept his head. If Louis XIV had supported Colbert he would have avoided the French Revolution. Any government is in danger when it keeps running up the national debt, when all departments keep asking more money, and when any possible safeguard is neglected in protecting the money in the treasury.

It is a difficult problem. We have wrestled with it in the Appropriations Committee all these years. But careful as we have been, Mr. Postmaster General, we found the Departments edging in on us, and they took the money when and where they could get it.

Mr. Cannon recounted the work that he and Mr. Taber had put in in drafting and securing the Anti-Deficiency Act of 1950, and then referred back to the original making of the 1957 regular appropriation by pointing out that the Appropriations Committee

decided that you ought to be able to render this service for a year for \$2,113,440,000 under the "Operations" item and gave you that amount of money and told you you were to live within that. You were to render your service, regardless of whether it was rendered adequately or inadequately, whether you had help or not, but the mail must go through on \$2,113,440,000.

They made a slight cut in your estimates. We usually make a small cut to be sure you are aware we are here. They deducted about \$5 million, but \$5 million when considered in relation to \$2,113,440,000 is inconsequential. As a matter of fact, they gave you more than you asked because they authorized transfers, which now gives you \$2,124,730,000. So you have more to spend than you asked for.

He continued by making direct favorable references to the action of the Bureau of the Budget and Mr. Brundage in

refusing to allow supplementals. He stated that at the point that the Budget Bureau rejected the requested supplemental, the Post Office should have changed its plans so as to be able to complete the year within the funds available. Mr. Cannon complimented Director Brundage for his frankness in pointing out to the House Committee his belief that the Post Office Department could get by with some program changes. Concluding his statement, Mr. Cannon pointed out Mr. Summerfield's duty as he saw it:

If you could give us your assurance that you are going back down to your Department and next Saturday would allocate what money you have left to serve the rest of this fiscal year even though you have to pinch some of the services, and that you will leave the Antideficiency Act intact, you would be rendering the greatest service that could be rendered.

Postmaster General Summerfield arose at this point and addressed the Committee at approximately the same length that Representative Cannon had addressed him (approximately four pages of the record). He told the Committee of his pride in his record in reducing Post Office deficits and claimed that under his administration the Department had reached a new peak of efficiency. He concluded his remarks with the following:

We in the Post Office Department want to do nothing to destroy the service or injure the standing of any Member of Congress, but we want the people of this country to be informed as to what we do. That is why we are asking for this review today, and we are



grateful to you for this opportunity. If you will direct us on any of these items, or any others we might not have thought of, if there are any services we are rendering that have nothing to do with the handling of the mail and you wish us to discontinue those services, if we have the right legally to do so, we will be glad to consider those things.

Following Mr. Summerfield's testimony, the Committee discussed briefly the possible service cuts that might be adopted from the list given by the Postmaster General (see p. 37, above). Mr. James (R.- Pa.) stated that he did not favor any of the reductions in service. Mr. Passman (D.- La.) stated that he would vote for the reductions listed as numbers 1, 4, 5, 7, and 8, totalling \$48,000,000. Mr. Sieminski (D.- N.J.) said he would "not be interrogated in this manner," and Chairman Gary said that these questions should be considered in executive session. With that, the hearing was adjourned.

The following day, The New York Times reported that the Committee "promptly" voted to deny the request of \$47,000,000, but that it did approve a deficiency appropriation in the amount of \$17,000,000, the amount of the request that was justified by the Department on the grounds that it reflected needs created by actions of Congress which had occurred since the original appropriations for 1957 were made.<sup>25</sup> Chairman

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<sup>25</sup>The New York Times, April 4, 1957, p. 1.

Gary was quoted as saying that the Post Office, and not the Committee, would have to determine "what economies they will have to make; we don't run the Post Office." Spokesmen for the National Association of Letter Carriers were quoted as terming the threatened cutback in services "a catastrophe." The article reported that the Association had set up an "emergency meeting for union leaders." The Postmaster General refused comment and stated that he would hold a press conference the following day, April 5.

At his press conference, Mr. Summerfield postponed the pending service cuts one week, until April 13.<sup>26</sup> He told reporters that the cuts he planned for that date would result in savings of the full \$30,000,000 that the Committee had voted to deny the Department. The scheduled reductions in services as announced by Mr. Summerfield followed the general pattern of those listed for the Senate Committee on April 1, but there were a number of changes. The complete list as of April 5 is as follows:<sup>27</sup>

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<sup>26</sup> Ibid., April 6, 1957, p. 1.

<sup>27</sup> The table has been compiled from a listing as given in The New York Times, April 6, 1957, p. 1, with the dollar amounts taken from the record of the Senate Hearings on H.R. 6870: U.S. Congress, Senate, Committee on Appropriations, Hearings, Second Urgent Deficiency Appropriation Bill, 1957, 85th Cong., 1st Sess., April 11, 1957, pp. 11-39, p. 39. This hearing record is cited hereafter as Senate, Hearings, Second Urgent Deficiency Appropriation Bill, 1957.



TABLE 4

SCHEDULED SERVICE REDUCTIONS, FOURTH QUARTER  
FISCAL YEAR 1957

	Savings in millions
1. Beginning April 13, post offices would be closed Saturdays . . . . . )	
2. Effective the same day, all city, village, and rural delivery service would be dis- continued on Saturdays except for special delivery message service . . . . . )	\$10.5
3. No third-class mail, except for certain medical items, would be accepted by post offices beginning April 29 . . . . .	18.0
4. Window service at all post offices, except those of the fourth class, would be limited to eight and one-half hours a day beginning April 15 . . . . . )	1.5
5. Deliveries to business districts would be limited to a maximum of two a day, effective April 15 . . . . . )	
6. Reimbursement to employees for the pur- chase of uniforms would be suspended until June 30 . . . . .	1.0 <sup>a</sup>
7. The issuance of money orders would be suspended at all first- and second-class post offices effective April 29 . . . . .	2.0
8. Equipment and supplies purchases would be held down to not more than \$3,000,000 for the remainder of the fiscal year . .	3.0 <sup>a</sup>
Total	\$36.0

<sup>a</sup>These items would increase the requirements for 1958.

In the same article which reported the Postmaster's press conference, the Times quoted William Doherty, President of the Letter Carriers Association, to the effect that his union backed the Postmaster General in his stand and that his organization and Mr. Summerfield were "on the side of the American people." Representative Taber of the Appropriations Committee was quoted as saying there was a "good chance" that the Post Office would get all or part of the requested funds when the full Committee met the following Friday. Representative Rooney (D.- N.Y.), also a member of the full Committee, was quoted as saying that the "public and postal employees should not suffer because somebody else violated the law."<sup>28</sup>

On Monday, April 7, the Times carried the following headline and lead-off statement on its third front-page article in as many days concerning the rapidly developing crisis over the Post Office deficiency appropriation:

POSTAL SERVICE IS BELIEVED SURE TO WIN NEW FUND

Arthur E. Summerfield, the Postmaster General, emerged today as the probable winner in his battle with Congress for additional funds to operate the postal service through June 30 without major curtailment.

This statement was supported by a quote from Representative Taber to the effect that the full committee would vote enough

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<sup>28</sup> Ibid.



to "satisfy the Postmaster General." Representative Gary was quoted as agreeing, but nonetheless maintaining that "no more than \$17,000,000 is really needed." Mr. Taber predicted that the vote would be 32 to 18 in favor of a higher figure, with twelve Democrats joining twenty Republicans on the favorable side. Representative Cannon was quoted as follows:

If we give him any more . . . we had just as well throw the Anti-Deficiency Act into discard. If you compromise once you will compromise again, the law won't mean a thing . . .

I say it would be an unmitigated tragedy if we compromise one iota--- if we let him have one dollar more than \$17,000,000.

The report continued by stating that the Associated Third-Class Mail Users, a trade organization of approximately 600 third-class permit holders, had announced that they were prepared to seek an injunction against the scheduled embargo on third-class mail. The Association's position was that the Postmaster General had no legal authority to refuse to handle mail. The Association is further quoted as maintaining that the proposed service curtailment would put "4 to 5 million people out of work and cause a 4 million dollar loss in business."<sup>29</sup>

On April 9, Representative Charles O. Porter (D.- Ore.) called for prosecution of Postmaster General Summerfield for

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<sup>29</sup> Ibid., April 7, 1958, pp. 1, 66.

violation of the Anti-Deficiency Act, while former Postmasters General James Farley and Jesse Donaldson recommended increases in the postal rates.<sup>30</sup>

Senate Hearings--- the 1957 Deficiency Request

On Thursday, April 11, a hearing was held on the deficiency appropriation bill by the full Senate Appropriations Committee.<sup>31</sup> The hearing was held in advance of floor action in the House in the interests of saving time, and twelve of the 23 members of the Committee were in attendance when Mr. Summerfield began his testimony with respect to the Department's needs for the remainder of 1957. The \$17,000,000 amount that had been voted by the House Committee for the "mandatory" cost increases was explained to the Senators, and the service cuts that the Department planned for Saturday, April 13, were listed. The list was the same as that announced by the Postmaster General at his press conference on April 5, and the total savings to be achieved if all the cuts were put into effect as planned was estimated at \$36,000,000. (See Table 4, p. 43, above.)

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<sup>30</sup> Ibid., April 10, p. 25.

<sup>31</sup> Senate, Hearings, Second Urgent Deficiency Appropriation Bill, 1957, pp. 11-39.



On at least two occasions during this hearing Senator Robertson (D.- Va.) tried to get at the reasons why the Post Office had not trimmed their program somewhat over a longer period of time in order to avoid the drastic curtailments that appeared to be necessary because of the comparatively short time remaining before the end of the fiscal year. The questions along this line were never met "head on" by the representatives of the Department. The following exchange between Senator Robertson, Mr. Goff, General Counsel for the Post Office Department, and Senator Thye (R.- Minn.) is typical:

Mr. GOFF. . . . Now here is our problem: We have come down to the fourth quarter. . . . I said we must prevent overspending or overobligating the balance we have left for the fourth quarter.

Now, if we do that, we then do violate the anti-deficiency law. We have not violated it yet. We have not spent a dollar more than was apportioned to us by the Bureau of the Budget.

Senator THYE. There was at no time that [sic] you could have reduced the amount of your expenditure by a quarter and still delivered the mail in accordance with the statute, was there?

Mr. GOFF. I believe that is right, sir.

Senator ROBERTSON. With all due deference, we have no definite testimony to that effect.

. . . . .

Senator THYE. Mr. Chairman, the point is that you have your revenues and you allocate them by quarters and you spend as much money as you must in order to deliver the mail according to the statute and you spent every dollar in the most efficient manner you could possibly allocate it, and

administer it, and you come up now in the last quarter and there are not sufficient funds to carry out and deliver all the mail. It is just that simple.

Mr. GOFF. To maintain the level of service.

Senator THYE. The level of service is merely to make the delivery, to distribute the mail. If you do not make delivery and do not distribute the mail, then your mail piles up and congests your post offices, and then you bring further chaos to the handling of even the first-class mail.

Mr. GOFF. That is true.

Senator ROBERTSON. As I see it, the Postmaster General is a big-hearted man and he knew these cities were growing, he wanted to give them service. He wanted the mail boxes to look prettier, he wanted them to have better light. He slipped up a bit on what the whole thing was going to cost and he did not find out until the last quarter that he was running out of money.

Whenever Committee members attempted to criticize the details of the Postmaster General's curtailment order, Mr. Summerfield pointed out that he had asked the House Committee where, in their judgment, cuts should be made, but that he "received no response except that it was . . . [his] responsibility."

In response to a comment from Senator Potter (R.- Mich.) to the effect that there was a rumor current that the Post Office Department would receive \$41,000,000 from the full House Committee when it met the following day, April 12, Mr. Summerfield replied that it was too late --- the order



was out to all post offices across the nation to reduce services as of Saturday morning, April 13, and that nothing but the actual availability of the money could modify the order. For the money to be available to the Department, both Houses of Congress would have to pass H.R. 6870 and it would have to be signed by the President. In view of the fact that the House had adjourned until Monday, this was clearly impossible, and the only way to maintain the continuity of services would be for the Postmaster to agree to modify or suspend his order before the money was technically available for expenditure, and this he would not do. Later, House Democratic leader McCormack (D.- Mass.) scored the Postmaster for his "act of arrogance." Representative Taber asked "What else could he do?"<sup>32</sup> The New York Times commented editorially, "The truth is Mr. Summerfield had--- and has--- the Congressmen and the public over a barrel."<sup>33</sup>

Full House Committee Meeting--- the 1957 Deficiency Request

On Friday, April 12, the day before the service cuts were to go into effect, the full House Appropriations Committee voted 30 to 17 to appropriate \$41,000,000 to the Post Office

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<sup>32</sup>The New York Times, April 12, 1957, p. 28.

<sup>33</sup>Ibid., April 13, 1957, p. 18.

Department for the remainder of the fiscal year. According to Representative Cannon, the vote "broke across party lines on both sides."<sup>34</sup> On the same day, newspapers across the country reported that there would be no regular mail deliveries on Saturday and that all post office windows would be closed all weekend. At the same time, the Comptroller-General of the United States was reporting to the Post Office Department that "there could be no question but that the Director of the Bureau of the Budget had not complied with the requirements of subsection (c) (1) of section 3679, Revised Statutes, as amended, 31 U.S.C. 665" (the Anti-Deficiency statute).<sup>35</sup>

Representative Cannon told reporters that Postmaster General Summerfield had "been breaking the law all along. . . . I don't see why he suddenly has become so pious that he can't keep essential services going." Mr. Cannon added that the Postmaster would "get the money he needs, and he knows it." William Doherty of the Letter Carriers was reported to have tried to thank Mr. Cannon for his favorable vote following the balloting by the Committee, but that Mr. Cannon replied, "Don't thank me . . . I was against it." However, he admitted

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<sup>34</sup>Ibid., p. 20.

<sup>35</sup>U.S. Congress, House, Committee on Appropriations, Second Urgent Deficiency Appropriation Bill, 1957, Report No. 350, 85th Cong., 1st Sess., April 12, 1957, p. 14. Cited hereafter as House, Report No. 350.



that he had voted in favor of the appropriation as the "lesser of two evils."<sup>36</sup>

The report of the Appropriations Committee, dated April 12, summarizes the development of the situation from one Congressional point of view, and because of its concise summation of this perspective, it is quoted at some length here:

In spite of the increases in availability of funds by transfers, the Department has been operating at a rate of obligation which, the witness threatened, would require the cessation of postal services "completely for two weeks" in the event the request were denied . . .

The Committee's review . . . established the fact that all operations have been geared to an inevitable deficiency. It seems abundantly clear that the Department made no effort to operate within even the augmented (by transfers) appropriation, and that the apportionments approved by the Bureau of the Budget openly gave Executive approval to this course of action, contrary to law. It must be pointed out that the very same Director of the Bureau of the Budget who approved the various re-apportionment requests leading directly to this deficiency at the same time "specifically said I would not send up a supplemental for those amounts."

The Postmaster General requested the General Accounting Office to issue an opinion as to whether or not the law had been complied with. Today, a letter . . . from the Comptroller-General states, in pertinent part, as follows:

". . . The necessity for a deficiency appropriation has been acknowledged by the Director of the Bureau of the Budget and the President as evidenced by the transmittal on March 12, 1957, to the Congress of request for additional funds for operation of the Post Office Department during the fiscal year 1957

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<sup>36</sup>The New York Times, April 13, 1957, pp. 1, 20.

in the amount of \$47,000,000, the amount of your request for that purpose as received by the Bureau of the Budget January 4, 1957, before the date of the last apportionment. . . . Also, you issued Postmaster General Order 56314, dated April 5, 1957, which would curtail the services of the Post Office Department in several respects if it becomes effective.

If it is determined by the Congress that the deficiency appropriation is necessary for "operations" or if the services of the Post Office Department are drastically curtailed in the event no deficiency appropriation is made, there could be no question but that the Director of the Bureau of the Budget had not complied with the requirements of subsection (c) (1) of section 3679, Revised Statutes, as amended, 31 U.S.C. 665. It should be noted, however, that the penal provision contained in subsection (i) (1) of the act is applicable only to violations of subsections (a), (b), or (h) of the act and not to subsection (c) (1).

The House hearings on the Post Office Department's request for supplemental funds for operations for 1957 show that, when the Department requested the reapportionment of its funds, it did so in the belief that the requested pattern for management of its funds for the fiscal year would result in the necessity for a deficiency or supplemental appropriation. See testimony, pp. 19, 20, 21, above. Such action is not technically a violation of any specific provision of the Anti-Deficiency Act. However, it is not consistent with the spirit and purpose of the act."

. . . . .

Although the items involved in the request all result from action contrary to law, a majority of the Committee feel that the necessity for maintaining service to the public is an over-riding consideration

. . . . .

The administrative decisions necessary during the interim pending approval of this appropriation have been and will continue to be unfortunate. Had these decisions been made nearly a year ago, when they should have been, the present situation would not have arisen. It is most



regrettable that a service so vital to the economy of our nation, and affecting personally and individually each of our people, has thus been so callously jeopardized by the injudicious action of the Executive Branch which now seeks to escape justifiable criticism by overtly threatening the Congress.<sup>37</sup>

Despite the apparent strength of the points scored in the report, it had to conclude by recommending an appropriation of \$41,000,000 in order to prevent continued reductions in the services of the Department.

The Congressional action that followed the vote of the House Appropriations Committee was to a certain extent anticlimactic. The bridge had been crossed, and now it was time for searchings and explanations as to why each of the major participants had done what they had, with the hope of delineating more clearly what actually had been at stake. On Sunday, April 14, Senator Richard Neuberger (D.- Ore.) blamed Percival Brundage of the Budget Bureau for the ragged state of affairs. He cited the Bureau's delay in considering the potential deficiency situation and the subsequent request, and criticised Mr. Brundage's ignorance of the fact that Post Office revenues are deposited in the General Fund of the Treasury and are not available to the Department for expenditure.<sup>38</sup>

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<sup>37</sup>House, Report No. 350, pp. 13-14.

<sup>38</sup>The New York Times, April 15, 1957, p. 1.

Senator Olin Johnston (D.- S.C.) declared that Brundage was "totally incompetent" and called for his removal from office.<sup>39</sup> For our purposes, the debates on the floors of both Houses shed some further light upon Congressional conceptions of the issues involved in the controversy.

On Monday, April 15, debate began in the House on H.R. 6870, which in addition to the \$41,000,000 for the Post Office Department, also contained supplemental authorizations and appropriations for six other departments.<sup>40</sup> Representative Cannon, as Chairman of the full House Committee, led off by pointing out that there was no law which would subject the Postmaster General to imprisonment if he had maintained services at the normal level on Saturday in view of the House Committee's vote on Friday. He denied that the Committee, as alleged by some Members of Congress, had deliberately delayed action in order to force Mr. Summerfield's hand. The following excerpts from the Congressional Record are illustrative of Mr. Cannon's dilemma:

Mr. CANNON. . . . There are two fundamental questions involved here. The first is, Shall the dog wag the tail or the tail wag the dog? Shall Congress control the departments or shall the departments control Congress? Shall Congress retain its constitutional rights to take money out of the Treasury or shall Congress delegate that to the departments? That is the first question.

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<sup>39</sup>Ibid., April 16, 1957, p. 20.

<sup>40</sup>Congressional Record, Vol. 103, Pt. 5, pp. 5671-90.



The next question is, Shall the Government continue to take an unconscionable cut out of every man's income, out of his wages, out of his salary, out of the money upon which his family must depend? Shall it continue to levy wartime taxes in time of peace? Or shall we reduce expenses sufficiently to permit Congress to cut taxes at this session?

. . . . .

Mr. REES of Kansas. The gentleman has reported a bill, HR 6870, by Mr. Cannon from the House Committee on Appropriations. Is he asking the House to support this proposed legislation or is he asking the House to vote against it?

Mr. CANNON. I am asking the House to take into consideration the facts. They are before us here. You should govern yourself accordingly.

Mr. REES of Kansas. But does the gentleman want us to vote against the whole thing?

Mr. CANNON. The gentleman may do as he pleases. I will not vote for it. I will not vote to abdicate the right of the Congress to control national finances.

Mr. TABER. Co-author with Mr. Cannon of the Anti-Deficiency Act. The difference between me and my position and the gentleman from Missouri and his position is that I maintain it is the duty of the Congress to supply the funds that are necessary to operate the agencies of the Government, and that we cannot punish the patrons of the postal system and the employees of the Post Office Department by trying to get even with them for something which they did not themselves do. That is the reason I am wholeheartedly supporting this appropriation for the Post Office Department.

Mr. CANNON. . . . My good friend the gentleman from New York over there, known as the great meat-ax expert, comes in today like Mary's little lamb, following behind the Postmaster General. No meat ax at all. Just an affectionate little sheep.

After considerable debate had waged about the general issues of 1) a department head "dictating to Congress," 2) the need for maintaining "adequate" mail service, and 3) the obligation of Congress to avoid "punishing" the postal employees for a situation for which they were not at all responsible, an amendment by Representative Gary to reduce the appropriation to \$19,000,000 (a revised estimate of the so-called "mandatory" items) was defeated by a lopsided vote of 121 to 12. The bill then passed by voice vote.<sup>41</sup>

The report of the Senate Appropriations Committee on H.R. 6870 was dated the following day, April 16, and it dealt tersely with the recommended deficiency appropriation for the Post Office:

With reference to the Post Office Department, the supplemental budget estimate is in the amount of \$47 million. The House Committee on Appropriations recommended an appropriation of \$41 million or a reduction of \$6 million in the budget estimate. The House in passing the bill on April 15, 1957, agreed with the action of the House Committee. The committee concurs in the action of the House in recommending an appropriation of \$41 million.<sup>42</sup>

Debate in the Senate was brief, and the bill passed by voice vote on April 16 with an absolute minimum of flurry or disagreement.<sup>43</sup> The following exchange is of interest

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<sup>41</sup>Ibid., p. 5690.

<sup>42</sup>U.S. Congress, Senate, Committee on Appropriations, Second Urgent Deficiency Appropriation Bill, 1957, Report No. 234, April 16, 1957, p. 3.

<sup>43</sup>Congressional Record, Vol. 103, Pt. 5, p. 5719.



and took place immediately following the favorable vote on the bill:

Mr. GOLDWATER. . . . I say to the Senator from Montana and to all other Senators that all of us are violating a law--- one of the immutable laws of economics, namely, that one cannot spend what one does not have. However, today the Government is spending \$286 billion of the money of our grandchildren and our great-grandchildren and our great-great-grandchildren, . . . I say it is time we put a stop to it, even in the case of those who like to be bothered by having mail delivered on Saturday.

Mr. MANSFIELD. I should like to join the Senator from Arizona; and I wish to state that I hope the agencies downtown will take heed of what the Senator from Arizona has said.

Mr. GOLDWATER. Mr. President, I still have hope.

The president signed H.R. 6870 into law that afternoon.

## II

### THE AFTERMATH

#### The 1958 Regular Appropriation

Immediately following the President's signing of H.R. 6870, orders were issued to all postmasters to resume their normal Saturday mail delivery schedules. Most of the other services which had been interrupted were returned to their normal levels by April 19, three days after the bill became law. Thus, the program needs of the Department had been met and the stability of the postal service had been restored, at least until June 30, the last day of the 1957 fiscal year.

During the entire period from late February until the middle of April while the fiscal problems of 1957 were under examination and discussion, H.R. 4897, the regular 1958 appropriation bill for the Treasury and Post Office Departments, had been pending in the Senate Appropriations Committee following its passage by the House. As passed by that body, it had been reduced by \$58,000,000 from the request of the President, despite warnings of reduced services from Mr. Summerfield.



On May 8, 1957, the Postmaster General told a subcommittee of the main Senate Committee that unless his department was granted an additional \$128,000,000 to \$148,000,000 for 1958 over what was contained in the bill as approved by the House, he would have to make reductions in postal services as of July 1.<sup>1</sup> Without giving the details of the reductions in service that would be necessary if the additional funds were not appropriated, he testified that his Department required the full \$3,250,000 amount requested in the President's budget plus an additional \$70,000,000 to \$90,000,000 required by increases in the volume of mail over and above the levels predicted in the original budget request. The Times reported that the Postmaster General "made it plain" that if the additional funds were not granted, he would cut services on the first day of the new fiscal year in order to make the appropriated amount last for the entire period.<sup>2</sup> According to the report, the subcommittee then voted to recommend to the full committee an amount \$32,000,000 greater than the figure adopted by the House back in February. However this amount was still \$26,000,000 under the figure requested in the President's budget, and from \$96,000,000 to

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<sup>1</sup>The New York Times, May 9, 1957, p. 1.

<sup>2</sup>Ibid., p. 17.

\$116,000,000 short of the amount now deemed necessary by the Post Office Department.

The Postmaster General testified that the increases in the volume of mail that had taken place since the workload estimates were originally prepared were "phenomonal," and that he would ask the Bureau of the Budget to approve and send up a separate supplemental request within ten days. The following day, May 9, the full Senate Committee promptly cut out the \$32,000,000 recommended by its subcommittee, and passed out the bill at the level approved by the House. Members of the Committee said that requests for additional amounts would be considered when received.<sup>3</sup>

H. R. 4897 passed the Senate on May 13, and was remanded to the House for agreement on certain technical amendments. Most of the Senate debate on the bill centered about two amendments offered by Senator Douglas (D.- Ill.) which would have reduced substantially the funds available for payments to railroads engaged in carrying mail.<sup>4</sup> These amendments were both defeated by voice vote. Senator Dirksen of Illinois, the Republican leader in the Senate, stated that all the reductions that had already been made in the requested appropriation would have to be restored if the Post Office was

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<sup>3</sup> Ibid., May 10, 1957, p. 1.

<sup>4</sup> Congressional Record, Vol. 103, Pt. 5, pp. 5809-16.



"to maintain the kind of service we have at the present time." He further stated that he was willing to put all the money "in a package" for all to see, rather than "take refuge in a supplemental or deficiency appropriation when the heat is off and the publicity is no longer operating."<sup>5</sup> Senator Lyndon Johnson, the Democratic leader, revealed that he had authored the motion in the full Committee which resulted in the elimination of the \$32,000,000 amount recommended by the subcommittee, and he successfully called for passage of the bill without amendment.<sup>6</sup>

The House and Senate agreed on the necessary technical amendments on May 16, and the bill was forwarded to the President for his signature. As he signed the bill, the President warned that the amount would be "insufficient unless postal services are to be substantially curtailed beginning July 1."<sup>7</sup>

#### A Supplemental Appropriation for 1958

On May 31, four days after he had signed the regular 1958 appropriation bill into law, the President sent to Congress an "urgent" request for a supplemental appropriation

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<sup>5</sup>Ibid., p. 6815.

<sup>6</sup>Ibid., p. 6816.

<sup>7</sup>Congressional Quarterly Almanac, XIII, (1957), p. 694.

for the Post Office for 1958. The amount requested by the Department and approved and transmitted by the Bureau of the Budget and the President was \$149,500,000, one and a half million dollars more than the Postmaster General's maximum estimate of May 8.<sup>8</sup> A hearing before the House subcommittee of the Appropriations Committee was scheduled for Friday, June 7.

Chairman Gary opened this hearing by asking Mr. Summerfield what the Department's program would consist of if the requested amount were not granted.<sup>9</sup> After several futile attempts to make a general statement as to the new needs of the Department for 1958 in view of the increasing volume of mail, Mr. Summerfield said he was not prepared to outline in detail a program based upon the amount already appropriated. The Chairman refused to let him testify on the needs of the Department as now perceived, and the Committee recessed for four days to allow the Department an opportunity to work up a program based on the authorized amount, together with a statement comparing that program with the then existing level.

On June 11, the Committee met again and the Postmaster presented the following list of "sweeping cuts" in service

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<sup>8</sup>U. S. Congress, House, Proposed Supplemental Appropriations for the Post Office Department, House Document 190, 85th Cong., 1st Sess., June 3, 1957.

<sup>9</sup>U.S. Congress, House, Committee on Appropriations, Hearings, Supplemental Post Office Department Appropriations for 1958, 85th Cong., 1st Sess., 1957, pp. 1-18.



that would be necessary if the Department were to curtail its program to the appropriated level:<sup>10</sup>

TABLE 5

POTENTIAL SERVICE REDUCTIONS  
FISCAL YEAR 1958

	Savings in millions
1. Discontinue city and rural delivery of mail and close post office window service on Saturdays . . . . .	\$70.0
2. Eliminate sale of money orders in 1st- and 2nd-class post offices and their branches and stations . . . . .	26.0
3. Reduce mail distribution in railway post offices; reduce frequency of star-route service to once daily where practicable; defer new highway post office routes, and make other transportation revisions . . .	18.0
4. Suspend all additions and extensions of city carrier service during entire fiscal year (except extensions already deferred from fiscal 1957) . . . . .	16.3
5. Reduce renovation work in post offices (light, color, and ventilation program) to \$2.5 million, reduce purchases of needed equipment by \$3 million, and reprogram other capital expenditures . .	7.4
6. Require 2nd-class publications and 3rd-class bulk mailers to zone their mail . .	5.0
7. Embargo bulk 3rd-class mail from December 1 to December 25 . . . . .	4.0
8. Close 2,000 small post offices and substitute rural delivery service . . . . .	2.8
Total	<hr/> \$149.5

<sup>10</sup>The record of this hearing is included in Ibid., pp. 18-107. Table 5 has been taken from p. 20 of the hearing record.

The Committee voted unanimously to recommend a supplemental appropriation in the amount of \$133,000,000, for a reduction of \$16,500,000 from the request. The Committee did not specify in detail in its report which of the potential reductions in service the Postmaster should place into effect; however, the Committee did refer generally to a number of cuts which it felt could be made "without affecting the quality of the service." The report stated that "there is a strong feeling within the Committee in favor of the abolition of money order sales;" it urged that "second-class publications and third-class bulk mailings . . . be required to be zoned," and that star route service be reduced to once daily "where practicable" at a stated saving of \$700,000. It also said that the Post Office should investigate the Saturday work pattern of "business, industry and suburbia generally" in order to effect additional reductions.<sup>11</sup> In addition, the Postmaster was cautioned as follows:

It is understood that, barring circumstances clearly qualifying under the Anti-deficiency Statute, the Postmaster General will cause the Department to be operated adequately and effectively within these amounts, and avoid any repetition of the fiscal debacle of the Spring of 1957<sup>12</sup>

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<sup>11</sup>Congressional Quarterly Almanac, XIII, (1957), p. 717.

<sup>12</sup>U.S. Congress, House, Committee on Appropriations, Supplemental Post Office Department Appropriations, 1958, Report No. 579, 85th Cong., 1st Sess., June 20, 1957, p. 2.



Two days later and before the recommended amount reached the floor of the House, the Senate Appropriations Committee heard Mr. Summerfield in a hearing with Senator Hayden, Chairman of the full Committee, presiding.<sup>13</sup> The Postmaster General presented the same list of potential service reductions as he had presented to the House Committee. He pointed out that the list was not meant to be construed as representing any fixed priority order, and requested the "specific guidance" of the Committee in selecting which cuts should be effected if the full amount of the request could not be made available.

However, the Senate Committee simply concurred with the action of the House group in recommending \$133,500,000, and offered even less in the way of guides to the Department as to how the \$16,500,000 reduction should be effected. The Senate Committee did contribute the following:

The committee feels that one of the major contributions to rural life in the country was the establishment of free delivery mail service to our farmers. Therefore, in providing supplemental funds for the operation of the Department, the committee desires to see a continuation of the present daily rural route service.<sup>14</sup>

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<sup>13</sup>U.S. Congress, Senate, Committee on Appropriations, Hearings, Supplemental Post Office Department Appropriations for 1958, 85th Cong., 1st Sess., June 13, 1957.

<sup>14</sup>U.S. Congress, Senate, Committee on Appropriations, Supplemental Post Office Department Appropriations, 1958, Report No. 538, June 26, 1957, p. 1.

In the debate on the floor of the House on Joint Resolution 379, which embodied the supplemental amount, Representatives Canfield and Gary joined forces to defend the recommendation from the rather perfunctory attacks of critics of various aspects of Post Office policy.<sup>15</sup> The principal point that was communicated to the House was that everybody--- Gary, Canfield, the Budget Bureau, and the Postmaster General agreed that \$133,500,000 was sufficient to carry on the work of the Department without cutting down on Saturday mail deliveries or laying off a single employee. In fact, many new employees would have to be added to handle the increased volume of mail. The resolution passed by voice vote.

Two days later, on June 26, four days before the beginning of the 1958 fiscal year and the "deadline" date of July 1, the Senate, by voice vote, concurred in the House action. As in the House, there was little real debate, and only Senator Douglas (D.- Ill.) raised any objections to the recommended appropriation. He questioned the efficiency of the Department and its policy of transporting the mail by rail in many instances when, in his judgment, it could be more expeditiously moved in motor trucks. He alone was registered

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<sup>15</sup>Congressional Record, Vol. 103, Pt. 8, pp. 10143-150.



as voting against House Joint Resolution 379.<sup>16</sup>

The President signed the resolution into law on June 28, 1957.

#### Attempts at Reform

On April 30, 1957, Congressman Charles O. Porter (D.-Ore.) had introduced a bill to amend the Anti-Deficiency Act by extending its penalty provisions to section (c) (1), which requires that apportionments shall be made in such a way as to prevent obligations or expenditures from being made "in a manner which would indicate a necessity for deficiency or supplemental appropriations . . ."<sup>17</sup> (See Appendix, p. 110.) According to the interpretations of the Comptroller-General as expressed in his letter of April 12 (p. 51, above), this amendment would have made the Director of the Bureau of the Budget subject to administrative sanctions and criminal penalties if he made apportionments and the agency involved had subsequently required a deficiency or supplemental appropriation in order to maintain its services at the going or planned level. Not surprisingly, a representative of the Bureau testified against the bill. Congressman Porter was

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<sup>16</sup> Ibid., pp. 10360-362.

<sup>17</sup> H.R. 7103, 85th Cong., 1st Sess., 1957, reprinted in U.S. Congress, House, Subcommittee of the Committee on Government Operations, Hearings, Prohibiting Withholding or Impoundment of Appropriations and Amending the Antideficiency Act, 85th Cong., 2nd Sess., May 20, 1958. Cited hereafter as House, Hearings, Prohibiting Withholding . . .,

the only witness who appeared for his bill, and it died in a subcommittee of the House Government Operations Committee.<sup>18</sup>

It is perhaps ironic that Representative Porter was heard on his bill at the same hearing where Representatives Hebert (D.- La.), Zelenko (D.- N.Y.), and Roosevelt (D.- Calif.) were presenting their bills which would have made it unlawful for the Bureau of the Budget "to withhold or impound or otherwise prevent any moneys appropriated by the Congress from being promptly used or applied by contract or otherwise for the purpose designated" in the appropriation act.<sup>19</sup> These Congressmen were disturbed that the Bureau of the Budget had, at various times, withheld appropriated funds for increasing the strength of the U. S. Marine Corps, for various flood control projects of the Corps of Engineers, and for other similar purposes.<sup>20</sup> In addition, it was pointed out that the Department of Defense had on one occasion withheld funds for a "flush-deck" aircraft carrier through its use of its departmental apportionment powers, despite the

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<sup>18</sup> Ibid., p. 1.

<sup>19</sup> H.R. 11441, H.R. 11541, H.R. 11682, 85th Cong., 2nd Sess., Ibid., p. 1.

<sup>20</sup> For a detailed case treatment of this aspect of legislative-Budget Bureau relations, see J. D. Williams, The Impounding of Funds by the Bureau of the Budget, The Inter-University Case Program Series, No. 28.



fact that the carrier had been specifically authorized by statute.<sup>21</sup>

These bills were supported by the Reserve Officers Association of the United States, and opposed by the Bureau of the Budget and the U. S. Chamber of Commerce.<sup>22</sup> Like the Porter bill, with which they appeared to conflict, they died in the Committee.

On August 23, 1957, both the House and the Senate passed H.R. 9131, a supplemental appropriation bill for the 1958 fiscal year. This bill did not contain any funds for the Post Office Department, but it did contain a provision amending the Antideficiency Act. This amendment related directly to some of the difficulties between the Congress and the Post Office Department as recounted here. The amended provision of the act, (Section (e) (1)), with the specific language added by H.R. 9131 shown in italics, is as follows:

(e) (1) No apportionment or reapportionment or request therefor by the head of an agency, which in the judgment of the officer making or the agency head requesting, such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer or agency head as the case may be, that such action is required because of (A) any laws enacted subsequent . . . *See Appendix, p. 112*.

According to the report of the House Appropriations Committee,

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<sup>21</sup>House, Hearings, Prohibiting Withholding . . ., p. 11.

<sup>22</sup>Ibid., p. 47.

The substance of the . . . revision is to make applicable to the head of the agency requesting or recommending an apportionment those provisions of the law precluding apportionment or reapportionment on a basis indicating necessity for a deficiency or supplemental appropriations unless within exceptions expressly set out in the law. Presently, only the officer approving the apportionment--- the Director of the Budget--- is subject to such prohibition. But he is not directly in charge of administration of the funds; he does not personally justify the budget program before the committees; he is not directly accountable to the committees for stewardship of funds allocated to his administration. Those responsibilities devolve upon the agency head.

Experience indicates need for this amendment so as to place directly on the agency administering the funds the force of the prohibition against operating on a deficiency apportionment basis.<sup>23</sup>

#### The Fate of Some Principals

On September 10, 1957, roughly five months after the passing of the controversy over the Post Office Department's appropriations, Deputy Postmaster General Maurice H. Stans was appointed by President Eisenhower to the position of Deputy Director of the Bureau of the Budget.<sup>24</sup> Six months later, on March 14, 1958, Budget Director Brundage resigned "to attend to some personal matters . . .," and Deputy Stans succeeded to the Director's position.<sup>25</sup> As of the date of this writing (June, 1960), Arthur E. Summerfield is still the Postmaster General of the United States.

<sup>23</sup>U.S. Congress, House, Committee on Appropriations, Supplemental Appropriations Bill, 1958, House Report 1009, 85th Cong., 1st Sess., August 6, 1957, p. 52.

<sup>24</sup>The New York Times, September 11, 1957, p. 24.

<sup>25</sup>Ibid., March 14, 1958, p. 1.



### III

#### AN ANALYSIS

##### Possible Perspectives

The variety of reactions that different readers will have to the preceding summary of the "Post Office incident" serves to demonstrate the multiplicity of norms against which the events and the individual motivations involved can be evaluated. This, of course, is true of all human endeavor thereby making the problem one of selecting which set of values shall be used here for the purpose of analysis. Admittedly, the possession of certain values on the part of the case writer created the "friction" which resulted in the study being made, but, at the same time, an effort has been made to restrict the influence of these values to the choice of the subject and to prevent them from directly influencing the manner in which the incident is recorded. No claims can be made for absolute value-freedom even in this regard, nor is such objectivity claimed for the analysis to follow. However, an attempt will be made to make the writer's relevant values explicit in order that readers may make their own

judgments as to the nature and degree of bias that underlies or perhaps is built into the following theoretical critique.

Generally, the analysis is limited by the general and vague value framework implied by the acceptance of contemporary American democracy. In other words, without being able to articulate the premises in detail, there is an acknowledged commitment on the part of the writer to what seem to him to be the functional advantages of the relatively open, free, and pluralistic society. This commitment manifests itself in views which are wary of governmental action in the general area of civil liberties, but which are pragmatic as to the efficacy of governmental action in the area of general social services. Beyond this it is not possible or feasible to go, except to say that it does appear to the writer that the norms of administrative management do have something relevant to offer to the solution of some of the problems of agency responsibility involved in this case. This, of course, assumes that the conflict which is evident between the Bureau of the Budget and the Post Office during certain phases of the case can be regarded as a problem rather than as an inescapable fact of organizational life. Even within the limits of this assumption, however, there are multiple criteria available for measuring what "really"



happened and for making judgments as to under what conditions the situation might have been improved from the standpoint of minimizing conflict.

Before proceeding with consideration of the events against various backdrops, one more specific bias must be set forth. This bias is against interruptions or declines in the level of services offered by governmental agencies when they come about as a result of indecisiveness and hesitancy rather than as a result of true cognitive policy deliberation. In other words, the assumption in the following analysis of the case is that the interruption in service that did occur came about not because anyone "wanted" it to, in any long-run strategic sense, but because Congress and the Postmaster could not work out a mutually satisfactory arrangement in sufficient time to avoid the service break that occurred. Speculatively, it would be possible to point out that the interruption might have been deliberate on the part of those groups interested in focusing attention upon the problem of postal rates, or it might be that the interruption was allowed in some hope of embarrassing the Administration or the Postmaster General. Despite some minor charges along these lines that were made at the time, it would be sheer guesswork to attempt to fit these ideas into any consistent pattern based upon acknowledged facts. However, because we

cannot empirically define and demonstrate such a strategy does not mean that it did not exist.

Examples of this type of hypothesizing are frequently found in the work of Washington columnists who attempt to piece together bits of information from sources of widely varying degrees of reliability and produce some sort of interesting picture of the general strategies of the interests and individuals involved in various questions of public policy. A specific case which can be cited in connection with the Post Office incident is Arthur Krock's column of April 16, 1957, where he theorized that the Postmaster General's actions were part of an overall Administration plan to demonstrate to Congress that budget reductions would mean program reductions.<sup>1</sup> Actually, this view of the situation fits in well from a logical standpoint with the timing involved in the consideration of the President's 1958 Budget which was under heavy attack. However, because the minutes of any such planning sessions that might have taken place are generally not available to research scholars, such thoughts must remain in large measure speculative and without direct confirmation. For the most part and except where specifically

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<sup>1</sup>The New York Times, April 16, 1957, p. 32.



noted, this analysis does not encompass political planning which might have occurred--- it is based upon evidence available directly from the public record. To this writer, the conflict extant in the more immediate aspects of the situation is clearly discernible in the record and is itself sufficient evidence of the significance of the issues at stake. Moreover, these issues appear to be ones relevant to the study of democratic politics and administration.

It so happens that the perspective utilized in the following analysis is one that does not require emphasis upon any broader political struggle of which the Post Office incident may have been but one part. However, even if it were to be proved that the actions of the Postmaster General and others involved in the controversy were in fact taken in light of certain broader and deliberately planned strategies, the relevance of the perspective utilized here, as well as that of other perspectives, remains unimpaired. Indeed, if the "true" values, goals, and motives of all of the participants were to be laid bare for our inspection, there would still exist the complex task of how to resolve their vagueness, their dynamic instability, their conflict, and their critical interaction into some sort of communicable larger pattern. The problem of selecting the "most useful" level of abstraction, the "relevant" background material, and the "critical" variables would still remain.

The particular patterns of abstraction, background and interaction to be seized upon for analytical purposes depends largely upon the interests and purposes of the analyst. The dependence of the entire chain of events upon some personal or political or other more-or-less obscure set of motives cannot and does not preclude relevant and meaningful consideration of it from the standpoint of, say, the doctrine of the separation of powers, and canons of administrative management, or the theory of games. Concentration upon the political roles of the President, the Postmaster General, and Congressmen does not mean that their constitutional, administrative, or interpersonal roles have terminated, disappeared, or lost their relevance, even temporarily.

Generally speaking, the analysis to follow revolves about what might be termed the cognitive-rational consequences of organization structure. Such a framework seems to this writer to yield fruitful insights into the dynamic and complex nature of the political (in the broadest sense of the word) struggle that took place with respect to the deficiency appropriation granted to the Post Office Department by Congress for the 1957 fiscal year. Initially, the analysis uses the theory of administrative management as a foil against which we can press the events in the interests of analytical inspection. In addition, there are brief sections under headings



relating to organization and communication. This arrangement is provided merely for convenience in indicating slight shifts in the analytical point of view, and it is not meant to indicate that the analysis proceeds directly from any formal theoretical concepts commonly denoted by those terms.

#### The Case From the Standpoint of Administrative Management

Things in the field of administrative management have not been quite the same since Herbert Simon's critical attack upon the "principles of administration" in 1947. The "principles" received a blow from which they will probably never recover, yet the related normative theory underlying public budgeting as a "tool of management" remains largely intact as a guide for the actions of enlightened budgeteers.<sup>2</sup> While most observers note and deplore the lack of an empirical theory of budgeting, they nonetheless agree in a general way as to how budgeting ought to be carried on. They postulate a concept of rationality which includes the assumed desirability of budgetary comprehensiveness, an aversion to "ear-marking," and faith in the efficacy of maintaining a rather sharp line between the "proper" provinces of legislators

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<sup>2</sup>See, for example, Jesse Burkhead, Government Budgeting.

and administrators in budgetary decision-making. Thus, one aspect of the theoretically obsolete politics-administration, goals-means, dichotomy lives on in normative theory.

While most practitioners in the field of public finance would admit that the necessity for these components of budgetary theory cannot be scientifically demonstrated, they would probably maintain that careful reasoning plus the evidence provided by years of experience show a basic validity in these budget "rules," at least with reference to certain assumed goals. If the implicit goals, which as stated lie in the vague area of "the public interest" and "responsibility and accountability," are critically questioned, the discussion becomes too rarified for most practitioners and there occurs a retreat to faith. And, at the same time, it can rather easily be shown that the ideal of comprehensiveness, the general availability of all revenues, and the restriction of legislators to policy-making and of administrators to policy execution (i.e., the use of lump-sum appropriations), are rationalizations designed to increase the power of budget officers. While allowing for the simultaneous validity of both of these interpretations, we can also point out that to date there has been no word of conspiratorial budgeteers successfully taking over any significant unit of government as a result of successful realization of their professional and technical goals.



From the standpoint of the norms of administrative management, the Post Office incident should never have taken place. When, in July of 1956, the Post Office and the Bureau of the Budget agreed that the workload of the Department was increasing at a rate which was going to require more funds before the end of the fiscal year, a formal request for such funds should have been made and, of course, the funds granted. If, for some reason, Congress had not seen fit to grant funds at that time, effective steps should have been taken immediately to plan a program that would enable the Department to live within the funds that were appropriated and still render the highest possible level of service. If this had meant the modification of the formulas used to determine when an area was to receive regular carrier service rather than rural delivery service, then the formulas should have been modified immediately. If it had meant that the physical rehabilitation of certain post offices had to be forgone, then the necessary steps ought to have been taken to delay or close down the painting, lighting, and ventilation programs. In all probability, word of the nature and extent of the program reductions being undertaken would have reached the ears of Congress in due course. And, in any event, it would not have been remiss for the Postmaster, with the approval of the President, to notify selected Congressmen of the program reductions and the reasons therefor.

Needless to say, something approximating this course of events could have been brought into being through effective use of the apportionment system. If the funds had been apportioned in a manner that would have provided for a reduced program for the entire year, and the Post Office Department had been forced to live within the apportioned amounts, the Budget Bureau could thus have secured the execution of the program at the Congressionally approved level. If, for any reason, the reduced program thus adopted had proven unbearable by the end of the first two quarters, the President could have forwarded to Congress a request for supplemental funds early in January of 1957.

The key word in the above reconstruction is, of course, the word "forced." How could the Bureau of the Budget "force" or require the Post Office Department to reduce their program level? Theoretically, we could say, for example, that all that would be necessary would be for the Bureau to remain firm in its apportionments and, as a result, the Post Office wouldn't be able to meet its payroll, and employees would have to be discharged or laid off. However, in such cases the problem becomes acute when the funds are thus withheld and the number of employees on the payroll is not reduced. It would appear to be almost impossible for the staff agency to withhold the paychecks of thousands of people who had, rightly or wrongly, been kept on and who had rendered service.



If a subsequent investigation had shown that the Postmaster had received direct orders issued by the Budget Bureau in the name of the President providing for the discharge of employees, and such action had not been taken, those who were not discharged would still have to be compensated for their services. Although it is not brought out in this case, this would appear to be particularly true in instances involving the postal employees who are, relatively speaking, organized in strong and influential unions. In any event, in the case considered here we may say that, functionally speaking, the Postmaster General and the postal employees joined to force the Bureau of the Budget and the President to recommend, and the Congress to appropriate, the funds necessary to meet the regular payroll requirements for 1957. Furthermore, it may be said that they forced the same action for the 1958 fiscal year despite the \$58,000,000 reduction voted by both houses of Congress in the original appropriation bill. The Budget Bureau, the President, and the Congress all had the necessary authority, but the Post Office Department had the effective power. Insofar as the theory of administrative management posits the unity of power and authority in the chief executive, and ultimately in the legislature, it blinds itself to the functional distribution of power throughout and outside of the organizational hierarchy.

It would be possible to continue an analysis by theorizing as to what should have happened, according to the precepts of administrative management, if the Bureau of the Budget had acted more decisively at various subsequent times throughout the history of the incident, or at least up until February 4, when the largest and most critical apportionment transfer of \$20,000,000 was made from the fourth to the third quarter. Such an analysis, however, would continue to revolve about the same central point--- things could have been different if the Budget Bureau had moved more decisively and if, at any subsequent point in time, they could have demonstrated that their recommended course of action could be taken without bringing into play the institutional power of the Post Office Department. However, as time passed and as the available funds were expended, the possibilities for action by the Bureau which would not have triggered this latent political power of the postal service diminished rapidly, until the only feasible alternative was to seek more funds to sustain the Department. Thus, the original policy which was opposed to deficiency appropriations had to give way in the face of the functional strength of the Post Office Department as mobilized in the interests of organizational survival.

Another aspect of this case that is of interest to the student of administration is the problem of the "proper" loci of responsibility. In fact, the entire incident can



be regarded as a struggle between two interests--- that represented by Representatives Cannon and Gary and that represented by the Postmaster--- each trying to push the responsibility for difficult decisions on to the shoulders of the other. In terms of the norms of administrative management, the Postmaster General could be pictured as being quite irresponsible when he requested from the Bureau of the Budget apportionments which he had reason to believe would lead ultimately to a deficiency situation. In fact, the report of the Comptroller-General (p. 51, above) and the subsequent amendment of the Anti-Deficiency Act made this point rather clearly. In addition, the efforts of the Postmaster General to get the Congressional committees to indicate the specific budget and service cuts they "wished" to see placed into effect can be regarded as irresponsible from the standpoint of the ethical overtones implicit in a theory which holds that once the legislature has decided the total amount it can appropriate for a given purpose, and prescribed by statute what policy limitations it desires, it is then up to the executive to decide upon the most effective means for accomplishing the objectives of the organic and related appropriation legislation. This is, of course, an instance of the "politics-administration" dichotomy referred to above (p. 78) which

has its roots in a theory which is normative and prescriptive rather than empirical and predictive.

In actual bureaucratic practice, pressing the legislative body to spell out their policy desires with respect to program reductions serves the dual functions of 1) militating against the reduction, and 2) relieving the executive of the public responsibility for deciding what groups' interests are to be infringed upon should service curtailments actually be placed in effect. In any event, Postmaster General Summerfield used this tactic with what must be regarded as a fair degree of success from a Post Office point of view, and it is a maneuver probably destined to remain in the bureaucratic repertoire. What was irresponsible from a Congressional point of view was quite responsible from a Post Office point of view.

The conflict of norms involved here is also demonstrated by the fact that many legislators, particularly those without long experience in fiscal matters, believe that government agency appropriation requests can be cut in rather large amounts without reducing the scope or quality of the agency's program. They have faith that there exists in most such requests a margin of excess which can be trimmed out without affecting the level of service offered to the agency's public. The technique of asking the legislature to delineate in some detail the service cuts they "desire" represents an educational



device used by agencies to show such legislators "the facts of life." The criteria that distinguish consistently and universally between the "irresponsible" bureaucrat and the "irresponsible" legislator are not easily formulated or demonstrated. Thus, the division of labor between Congressmen and administrators, each with their own wellsprings of responsibility, provides for inevitable institutionalized conflict which, in view of the disparate yet concrete nature of the perceived realities involved, leads ultimately to bargaining, all of which can be quite in good faith.

The discussion so far has proceeded in terms which equate "administrative management" with the norms of the chief executive and the central staff agencies. Of course, the concepts of administrative theory also apply to the management of the individual line agencies at all levels. This does not mean, however, that the conflict obvious in the Post Office incident indicates the existence of any basic contradictions between the dictates of the theory as applied at different levels. It does mean that if the President and the Bureau of the Budget had succeeded in making their norms govern the behavior of the Postmaster General, the budget office of the Post Office Department would have the authority to do with respect to subordinate units what the Budget Bureau would have been doing to the Department from its position. In other words, if

the Postmaster's functional goal had been the avoidance of a deficiency situation rather than the continued and uninterrupted delivery of mail and the consequent preservation of the postal organization, the same course of action as prescribed for the Budget Bureau acting in the name of the President would have been appropriate for the Postmaster General and his staff arm. Needless to say, we can probably predict safely that an internal departmental situation would have developed along the same general lines and with the same general structure as did develop at the higher level. To predict the outcome of such a development, however, would certainly be beyond the bounds of this study, if not beyond the limits of current organizational theory altogether.

Assuming for the purposes of analysis that the Postmaster General had been in a position to make the entire Department bend to his will regardless of what policy he chose, it would seem that in view of our knowledge of the co-opted nature of organizational leadership, that his own structuring of the facts of the situation would have destroyed any possibility of his position being in exact and willing congruence with that of the Bureau of the Budget. Such a broad outlook, and from one standpoint, "responsible" posture on the part of the Postmaster General would have been too much to ask and, quite possibly, would have had a significantly negative impact upon the quality of the mail service during the years he was in office.



Speculatively, however, we might give consideration to what possible bases the President might have had for making the Postmaster General adopt the assumed value structure of the chief executive. In terms of the perspective of administrative management, the President could have secured compliance with his will by the use or threatened use of his removal power. However, as we have seen, the President chose not to take this course of action--- there was some value to him in the retention of Mr. Summerfield that outweighed the considerations of deficiency avoidance and administrative compliance. We might guess that this value was a political one and that it lay somewhere in the area dominated by the fact that Mr. Summerfield was the former Chairman of the Republican National Committee, or that the operative value was a personal one based upon friendship and mutual understanding and sympathy. But, in any event, the President was unwilling to dispense with Mr. Summerfield's services merely in the interests of maintaining the values of organizational responsiveness that, in the theory of administrative management, are given a higher rank than the values of political or organizational loyalty. The President was willing to take what, from the norms of administrative management, are considered to be intransigence and disloyalty in the interests of serving some non-administrative, non-management values.

We can definitely state that, for one reason or another, the sanction of actual removal from office was considered too severe for the "crime" that was committed--- too severe on the Postmaster General perhaps, but certainly too severe on the President. Assuming that he did believe that an administrative crime had been committed, the President's judgment was that removal of Mr. Summerfield from the office of Postmaster General would be too costly a move in terms of his efforts to attain some other goal that lay before him. The President believed that he could not "afford" to discharge the Postmaster General. An alternative of greater monetary but lesser goal-cost--- the seeking of a deficiency appropriation--- was chosen as being more efficient for the achievement of certain other Presidentially-perceived objectives that are unknown to us. In the President's "definition of the situation," these goals were apparently more important than the precepts of administrative management.

Returning to the problem of determining what would have been involved in making the Post Office adopt as its own values those of the President, we might say that the avoidance of a deficiency situation could have become an attractive policy for the Post Office if the organization stood to lose something by incurring a deficiency. If some sort of infringement of the actual or perceived interests of the Department would have resulted from seeking a deficiency appropriation, then



possibly the events might have followed a different course. However, Mr. Summerfield was apparently quite confident that the majority in the Congress would come around to his point of view before any sustained service cuts were effected. We have seen that the Post Office Department did get itself into a real deficiency situation and it apparently lost nothing--- in fact, it appeared to gain much. It gained the added appropriations, and what seems even more important, it gained a precedent which will possibly stand the Department in good stead in future dealings with the Bureau of the Budget, President Eisenhower, future Presidents, and Congress, particularly the appropriations committees.

For the operative values of the Post Office Department to interlock to a greater degree with those that the Bureau of the Budget postulates for the President, the Bureau would have to demonstrate to the Department that they would incur greater "costs" from accumulating a deficiency than from avoiding one. Reversing the concept, the gains to the Department from trimming the program over a longer period of time and thus precluding the development of a deficiency situation would have to be shown to be greater than the gains that actually resulted from their "victory" over the Bureau and Congress. Possibly the President could have made the Department see certain values in avoiding a deficiency situation

by altering or appearing to alter his position with respect to other goals of the postal service. We could speculate indefinitely as to what courses of action might have been open to the President, such as opposing pay increases for postal workers, opposing postal rate increases, etc., but he was apparently estopped or already committed on these fronts, and, in any event, we do not know what maneuvering of this type may actually have been attempted, albeit unsuccessfully, behind the scenes prior to the President's open support of Mr. Summerfield. However, we can be quite sure that it is very difficult for the Bureau of the Budget to operate in this manner, particularly if the President himself does not use such a bargaining approach. In summary, the Post Office Department can be viewed in this situation as one organization with the Postmaster General as its spokesman, while the Bureau of the Budget and the President are two organizations who must not only coordinate their actions, but successfully communicate their real as well as their postulated goals.

It might be suggested that calling upon partisan loyalties would have been effective in dealing with Mr. Summerfield. However, it must be remembered that the Bureau of the Budget is acting as the agent of the Chief Executive during the stages of the development of the situation that were the



most crucial. The Bureau of the Budget is a "non-political" agency in the sense that it cannot effectively wield party considerations as a management weapon. In addition, of course, the Postmaster General, as the former Chairman of the Republican National Committee, had probably given thought to these aspects of the problem rather early in the proceedings and decided that cuts in postal services would cost the Republican cause more than would the "obvious" need to request an additional appropriation from Congress. In other words, it might be expected that Mr. Summerfield would equate the interests of the party with the interests of the Department and thus give political support to the "bureaucratic instinct" which places a high priority upon the need to sustain services. It would also appear that even if partisan considerations would be a means of influencing Mr. Summerfield, they would not necessarily be an effective tool for securing the indispensable compliance of the postal organization as a whole.

Another aspect of the political framework surrounding the Post Office Department is the fact that the postal profession and the Post Office Department are one and the same. All postal workers are employed by the Post Office Department, thus providing the basis for a unanimity in employee outlook which serves to underscore the congruency of the interests of the postal employees and the interests of the Post Office

Department. Manifestations of the degree of functional integration of postal employee values and Post Office policy values can be found in numerous references to the welfare of the more than 500,000 postal employees during the debates in Congress over Post Office Department appropriations.

Considering the matter from Mr. Summerfield's standpoint, we must conclude that seeking the deficiency appropriation was the "best" alternative available not only in the interests of preserving the postal organization, but also in the interests of protecting the political position of the President and the Republican Party. This would appear to be true both in terms of postal politics viewed as a matter of maintaining good relations with the strong postal employees' organizations, and in terms of postal politics as a matter of maintaining good relations with the millions of users, organized and unorganized, of the facilities and services of the Post Office Department.

In summary, an analysis of the development and resolution of the charged situation brought about by the different responsibilities and different perspectives of the parties involved in the Post Office incident assists in empirically evaluating the theorems of administrative management. These theorems do not, as the President must, take into account the variety and conflict of norms governing the behavior of men at different levels and in different parts of the hierarchy. In this



case, the Postmaster General was acting in accord with political, bureaucratic, and professional norms which were mutually reinforcing. Efforts to run counter to these combined "pressures" would probably require the grit of a managerial superman ready to do battle for, and possibly "die" for, the theoretical ideals of program responsiveness to postulated, non-empirical, executive norms.

On another level of analysis, we may conclude that the substantive realities of the sources of postal policy overshadowed the theoretical procedural correctness of the apportionment system with its formal, but in this instance, quite ineffective sanctions. It should be noted, however, that these sanctions did play a role in adding to the conflict which, situational and unstable though it may have been, was embedded in the political roots of the organization structure. Such institutionalized conflict assists in peeling back the overlay of formal organization structure which tends to obscure the effective values guiding the policy development process in large organizations.

#### The Case as a Problem in Organization

Where Herbert Simon's critique of the canons of administrative management have served as a springboard for reviewing the Post Office incident from the viewpoint of the theory of administrative management, the work of Simon and James

March can perhaps provide us with a summary of propositions relevant to consideration of the organizational aspects of the problem.<sup>3</sup> Specifically, their review of the limitations of what they refer to as the "classical organization theory" seems most helpful in considering the impact of organization upon rationality and communication.

We have seen that administrative management theory poses a set of norms that possibly could have been used by the Bureau of the Budget during certain stages of the incident in the interests of Executive Branch harmony. Possibly these criteria of good management could have been used as general guides to action appropriate to the securing of their assumed goal of administrative responsiveness to the implicit values of the President. From the assumed point of view of the Bureau of the Budget, the Post Office Department was hardly tractable, and its behavior was quite irrational. As evidence of this irrationality, Bureau personnel could cite the uproar in the press over the potential disruption of postal service, and in Congress over the threat to Congressional prerogatives. Presumably, this uproar represented a threat or at least an embarrassment to the President and Republican members of Congress.

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<sup>3</sup>James G. March and Herbert A. Simon, Organizations.



However, from the Post Office point of view, the threat to the continuation of the existing levels of service and to the status and existence of the postal organization outweighed such considerations. This perception of a threat and the Department's confidence in their functional strength led to a course of action which was calculated to defend with vigor the "integrity" of the postal program and thereby protect the stability of the postal organization. The Postmaster General had a "definition of the situation" quite different from that of the Director of the Bureau of the Budget, and different again from that of Congressmen Gary and Cannon and other members of the legislative body. Thus, his "preference order" would place a brief, but abrupt and well-publicized, interruption of postal services ahead of and above a gradual and less noticeable diminution of services over a longer period of time. His efforts, therefore, would logically be directed toward dramatizing the incident while the efforts of the Bureau of the Budget, up to a given point in time, would be bent in the opposite direction.

What of the President, the Chief Executive? Formally, of course, all of the actions of the Budget Bureau were taken in his name. From the standpoint of the classical theory of formal organization, it would be said that he and the Bureau had the same preference order. In fact, of course,

the President supported Mr. Summerfield in his request for the deficiency appropriation and in all his requests for added funds for 1958 over and above what was in the official budget. By then, however, the Bureau of the Budget also supported the Post Office requests. This highlights an aspect of the case that appears important from the standpoint of organization theory: the operational values of the President and the Budget Bureau while remaining mutually congruent, changed with the passage of time, while those of the Postmaster remained quite constant.

Initially, the Bureau and presumably the President were opposed to a deficiency appropriation; later they favored one. The passing of time, the continued expenditure of funds at an increasing rate, and possibly the Postmaster's "socialization," or bringing to public attention, of the issue forced the Chief Executive and his advisors into a position where they had to choose between the alternatives of a deficiency appropriation or a serious and well-publicized reduction in postal services. As will be discussed below, this is, of course, the same problem that faced Congress, and Representatives Cannon and Gary in particular. Thus, time and the "interested public" were strong allies of the Post Office Department. This alliance has no place in a theory of management which implies that the agency would be



"punished," or at least suffer disgrace, if it ran out of money before the end of the year, but it does have standing in a theory of organizational institutionalization which recognizes that the Post Office cannot be allowed to run out of money, even for a short period.

The importance of the time element in the situation is highlighted by the fact that when the Bureau of the Budget on February 4 approved the transfer of \$20,000,000 from the fourth to the third quarter without previously deciding that a deficiency appropriation was necessary, it seemingly committed itself to an impossible policy. This commitment was to a policy which held, in effect, that the dollar requirements of the Post Office for the last quarter would have to be significantly under the amounts which they, the Bureau, had approved at the beginning of the year even though the actual expenditure rate had turned out to be considerably in excess of the rate originally approved. In other words, without saying so in so many words, this policy assumed a significant down-turn in postal expenditures in the last quarter without any knowledge of any impending or planned reduction in program requirements.

From the natural vantage point provided by hindsight, but also from the standpoint of the specific content of Mr.

Brundage's testimony to the Subcommittee as to what his thinking was at the time, we can safely conclude that this case demonstrates that a uniform policy is not necessarily a "good" one despite implicit theoretical assumptions of the "equal sovereignty" of all line agencies. This lack of merit in the uniformity of policy becomes obvious when, in fact, the unstated goals of the policy-maker are changing with the changing situation in different agencies while, at the same time, his announced policies remain constant. This point seems particularly relevant whenever appropriations are involved. Even as alternatives are considered, the inexorable movement of time narrows the range of available goal-choices. In some cases, this allows the executive to postpone an unpleasant decision with the hope, and perhaps even the knowledge, that beyond a certain point in time his alternatives will be reduced until there is only one possible choice. In any event, it appears that a theory of organization that is built upon the relevance of formal organizational goals to organizational policy must provide for not only the conflict in values in different levels and sectors of the hierarchy, but also for the necessary reorientation of goals and instrumental values with the passage of time.



The Case as a Problem in Communication

At three separate points during the course of the first House Committee hearing on the 1958 appropriation request of the Post Office Department, Chairman Gary and the other members of the Committee were informed of the fact that the Department had submitted a request to the Bureau of the Budget for a supplemental appropriation for 1957 in the amount of \$53,000,000. (See p. 8, above.) We have seen that Republican Congressman Canfield, who favored greater appropriations for the Post Office Department, gave much weight to this fact in his minority report and in his arguments in the Committee and on the floor. However, Representative Gary disregarded this fact inasmuch as this requested supplemental had not been approved by the Bureau of the Budget or the President, inasmuch as it had not formally come to Congress, and inasmuch as it might well never arrive in Congress in light of the known executive policy which was weighted against supplemental and deficiency requests.

It might be said that this situation--- a proposed supplemental request "pending" in the Bureau of the Budget--- took on different significance in the two points of view regarding the whole affair. Congressman Canfield made much of the fact that a supplemental request had been prepared and submitted to the Bureau by the Post Office, while Congressman

Gary made little of this fact and much of the fact that the Bureau had not approved the request. Thus, the two men would agree on the facts involved, but what loomed large in the constellation of one appeared small in the constellation of the other. In their attempts at communication about this set of facts, it was as if they talked past each other, each one influenced by his own weighting of the facts and unaffected by the other's perception of the situation.

A similar situation may be seen in the exchanges between various of the Senators and Representatives and Postmaster General Summerfield when they are attempting to get at the nature and significance of the efforts made by the Post Office Department to live within the regular 1957 appropriation and thus avoid the need for a supplemental. These legislators generally agree with the Postmaster about the importance of mail to the people, to business, and to the economy; Mr. Summerfield agrees with the Congressmen about the need for efficiency and economy in government, about the importance of the Anti-Deficiency Act. However, what might be termed their "working" or "operational" definitions of these abstractions vary in accordance with the functional bases of their differential responsibilities with respect to this particular situation. They perceive and structure the facts in accordance with norms shaped by their organizational responsibilities.



The impact of formal organizational structure, with its attendant distribution of responsibilities, upon the communication process is also evident in Congressional criticisms of the Postmaster's conduct in allowing his department to spend at a rate which would result in a deficiency situation. There can be no doubt that such criticism was justified from the standpoint of Congressional conceptions of the fiscal responsibilities of the Executive Branch. However, in view of the reality of the problem being faced, such criticism is also quite irrelevant unless the Congressmen were ready to see the services of the Department drastically reduced for the remainder of the fiscal year. The "point of no return" had been passed; there could be no turning back of the calendar, and even as the issue was being debated the deficiency requirements were increasing.

The words and deeds of Representative Cannon serve to illustrate the nature of this dilemma. After being thanked for his vote in favor of the deficiency appropriation in committee, he said, "Don't thank me . . . I was against it." (See p. 50, above.) He was obviously opposed in spirit to the appropriation of more money to the Department, but he nonetheless "had" to vote for it in the Committee. The effective functional power of the facts of the situation and the Post Office Department's control over them influenced

his vote despite his serious philosophical criticism. It might be said that his criticism sprung from normative theoretical conditions, but that his vote in committee reflected his basic helplessness when confronted by the power of the Post Office. In the terms of March and Simon, the "uncertainty" of the situation was "absorbed" as the facts were gathered, collated, summarized, and edited as they progressed up the levels of the Post Office hierarchy until they reached the point where they pointed to only one real alternative--- an alternative that was made ever more real as time passed.<sup>4</sup> Thus, the "relevant" facts, presumably discoverable through the use of scientific methods, became what the Post Office Department said they were, and, functionally speaking, the cognitive limits on rationality were determined by the organizational limits on cognition.

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<sup>4</sup>Ibid., pp. 165-66.



## IV

### A PROPOSAL

The basic thesis that has come to the writer as a product of this analysis is that the points of view of the participants in the small drama which developed with respect to the appropriation requirements for the United States Post Office Department for the last quarter of the 1957 fiscal year can be analytically viewed as projections of certain perceived organizational interests. This is not to say that those viewpoints could have been accurately or reliably predicted if one were given a "neutral summary of the facts"<sup>1</sup> of the situation together with data as to the formal organizational affiliations of each participant. However, it does seem that with a detached summary of the situation one could predict the propensities and probable developmental direction of the particular incident under study.

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<sup>1</sup>The phrase is Norton Long's. See his article, "Public Policy and Administration: The Goals of Rationality and Responsibility," Public Administration Review, XIV, Winter, 1954, pp. 22-31. He concludes that "Congress can wreck a program, it can whittle one down, but it cannot have a well-worked-out program unless it accepts the one program presented to it by the executive. . . . [Therefore,] a vital part of rational decision and community representation must be structured into administration if they are to occur at all."

It appears to this writer that Arthur Bentley's book, The Process of Government, and the later work of David Truman and other so-called "group theorists" contain an approach which might prove useful in studies of the political bases of administration. While in Bentley's work the viewpoint is oriented toward the broader scheme of the political process as it manifests itself generally in American society, both he and Truman emphasize the importance of group membership as an originator of values, or, at the very least, as a mechanism serving to shape and solidify values prior to transmitting them to the points in the societal structure where it is anticipated that they will have the most effective policy impact.

There appears to be a direct relationship between works of this type, which portray the influence of group memberships on individual perception and action, and the work of Karl Mannheim related to "the sociology of knowledge."<sup>2</sup> While it is true that Mannheim's interest centers largely on macroscopic conceptions of societal relations, and while his approach is quite historical in orientation, it is no less true that he has verbalized both in its greatest sweep

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<sup>2</sup> See his Ideology and Utopia. Note especially the Preface by Louis Wirth, pp. x-xxx, (1936).



and in its greatest detail the concept of the impact of organization upon various epistemologies and upon individual perceptions. It would seem that there would be fruitful possibilities in a uniting of this approach with the insights of those such as Bentley, Truman, Herring, and others who have exposed the group nature of various political phenomena.<sup>3</sup>

While these well-known writers have focussed upon group conceptions of reality as manifested in distinct and formal political behavior, Herbert Simon has centered his attention upon the administrative aspects of organizational knowledge. What he has not done, however, is relate the wellsprings of organizational knowledge to the patterns of behavior which we include under the general adjective "political." His work is largely apolitical and is oriented to the stipulated organizational character of rationality without any sustained attempt to relate the nature of this rationality to the political position of the organization. What appears to be needed at this point is work attempting to relate the political bases of much administrative knowledge directly to administrative policy behavior. Such an approach might prove

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<sup>3</sup>In this writer's present opinion, such possibilities are not automatically precluded by the admitted difficulties in "operationalizing" the concepts of the "potential" or "underlying" groups. What is sought here is not the key to, but rather a tool for, further analytical study of contemporary American politics and administration.

quite unsuccessful, yet it must be attempted before even this much can be known.

Needless to say, the term "political" as it is being used here refers to the concepts of power and interest, and not to partisan politics as such. With this in mind, and with a theoretical concept of the organizational impact upon perception well in mind, an approach might be made to a broad scheme which would set forth, at least in general outline, the political basis of administrative decisions that are made every day by thousands of organizations, public and private.

At least until the definitions and concepts are worked out in more detail, it would appear that the case study method would be a useful approach to the problem. Studies in some detail of decisions of limited yet known policy impact could provide an appraisal of the possibilities of conceptualizing what might be tentatively termed the "sociology of organizational knowledge." As a beginning, such an approach might be attempted to some of the cases included in Harold Stein's Public Administration and Policy Development.<sup>4</sup> If this work

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<sup>4</sup>Published for the Inter-University Case Program.



should prove at all productive, it would seem that case studies, responsibly researched and prepared, could be further used to test anew the proposition that formal organization as an operational scheme for distributing labor provides rather sharp and clear functional limits upon the cognition of the organization members. It might be said that this is the very function of organization, but how frequently have the organizational limits on cognition been clearly pictured in action, so to speak? How frequently have inter-agency disputes been analyzed from the standpoint of formal organization in its role as the focal point and interpreter of certain sets of facts?

March and Simon have discussed the "boundaries of rationality" as a determinant of organization structure.<sup>5</sup> What consideration should be given to organization structure as a determinant of "boundaries of rationality?" A study along the lines suggested might give some insight into the dynamics of organizational rationality--- to what degree is the rationality of given organizations ideological, and to what degree is their rationality situationally determined? Under what conditions do policy considerations prevail, and

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<sup>5</sup>Organizations, pp. 169-71.

under what conditions do what might be termed "local" considerations prevail? The following quotations from Herbert Kaufman's recent book, The Forest Ranger, are illustrative:

. . . Some young foresters depend heavily on experienced range riders hired by the local associations. Under these conditions, local standards play a large part in official behavior. . . . When the Rangers reach accommodations with local interests on major issues, it is more often because this seems to them to be the agency strategy than because they have been captured.<sup>6</sup>

. . . Some of the leaders believe that the assaults on Forest Service policy by lumbermen anxious to cut more heavily in the national forests, and by stockmen seeking to graze more animals than the Service thinks the ranges on the national forests can safely sustain, have actually heightened the enthusiasm and morale of many of the men and strengthened their bonds with the agency. For these demands have given forest officers a sense of engagement in a crusade on behalf of the public interest.<sup>7</sup>

An analysis of the structure of particular incidents, free from the responsibility of determining what was "right" and what was "wrong," what was a "good" policy, and what was a "poor" one, might well assist in spotlighting the actual ethical standards that were used in given situations by the parties at issue. Without attempting to judge the relative merits of any particular sets of standards, and without attempting to emphasize certain viewpoints to the neglect of others,

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<sup>6</sup>The Forest Ranger: A Study in Administrative Behavior, p. 219<sub>n</sub>.

<sup>7</sup>Ibid., p. 223.



case studies of such situations plus thorough analyses of each from the standpoint of the operative norms governing the outlook and behavior of the participants should yield additional data relative to the relationships between organization structure and the cognitive and emotive bases of decision-making.

From a practical standpoint it is possible that data of this general type would be helpful in delineating rational schemes for organizational training for use in restructuring individual viewpoints to accommodate agency reorganizations and other major policy changes, or in other situations where, as Simon puts it, "the exercise of formal authority through commands proves difficult."<sup>8</sup>

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<sup>8</sup> Administrative Behavior, p. 170.

APPENDIX

Partial Text of the Anti-Deficiency Act

(31 United States Code 665)

Note: The bracketed provisions are those added by the 85th Congress. (See p. 69, above.)

Appropriations---(a) Expenditures or contract obligations in excess of funds prohibited.

No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.

(b) Voluntary service forbidden.

. . . . .

(c) Apportionment of appropriations; reserves; distribution; review.

(1) Except as otherwise provided in this section, all appropriations or funds available for obligation for a definite period of time shall be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period; and all appropriations of funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations, shall be so apportioned as to achieve the most effective and economical use thereof. As used hereafter in this section, the term "appropriation" means appropriations, funds, and authorizations to create obligations by contract in advance of appropriations.



(2) In apportioning any appropriation, reserves may be established to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available. Whenever it is determined by an officer designated in subsection (d) of this section to make apportionments and reapportionments that any amount so reserved will not be required to carry out the purposes of the appropriation concerned, he shall recommend the rescission of such amount in the manner provided in the Budget and Accounting Act, 1921, for estimates of appropriations.

(3) Any appropriation subject to apportionment shall be distributed by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof, as may be deemed appropriate by the officers designated in subsection (d) of this section to make apportionments and reapportionments. Except as otherwise specified by the officer making the apportionment, amounts so apportioned shall remain available for obligation, in accordance with the terms of the appropriation, on a cumulative basis unless reapportioned.

(4) Apportionments shall be reviewed at least four times each year by the officers designated in subsection (d) of this section to make apportionments and reapportionments, and such reapportionments made or such reserves established, modified, or released as may be necessary to further the effective use of the appropriation concerned, in accordance with the purposes stated in paragraph (1) of this subsection.

(d) Officers controlling apportionment or reapportionment.

. . . . .

(2) Any apportionment available to an agency, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the Director of the Bureau of the Budget. The head of each agency to which any such appropriation is available shall submit to the Bureau of the Budget information, in such form and manner and at such time or times as the Director may prescribe, as may be required for the apportionment of such appropriation. . . .

(e) Apportionment necessitating deficiency or supplemental estimates.

(1) No apportionment or reapportionment,  or request therefor by the head of an agency,  which in the judgment of the officer making  or the agency head requesting,  such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer  or agency head, as the case may be,  that such action is required because of (A) any laws enacted subsequent to the transmission to the Congress of the estimates for an appropriation which require expenditures beyond administrative control; or (B) emergencies involving the safety of human life, the protection of property, or the immediate welfare of individuals in cases where an appropriation has been made to enable the United States to make payment of, or contribution toward, sums which are required to be paid to individuals either specific amounts fixed by law or in accordance with formulae prescribed by law.

(2) In each case of an apportionment or a reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate, such officer shall immediately submit a detailed report of the facts of the case to the Congress. In transmitting any deficiency or supplemental estimates required on account of any such apportionment or reapportionment, reference shall be made to such report.

(f) Exemption of trust funds and working funds expenditures from apportionments.

. . . . .

(f) Administrative division of apportionment.

. . . . .

(h) Expenditures in excess of apportionment prohibited; penalties.

No officer or employee of the United States shall authorize or create any obligation or make any expenditure (A) in excess of an apportionment or reapportionment, or (B) in excess of the amount permitted by regulations prescribed pursuant to subsection (g) of this section.

(i) Administrative discipline; reports on violations.



(1) In addition to any penalty or liability under other law, any officer or employee of the United States who shall violate subsections (a), (b), or (h) of this section shall be subjected to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office; and any officer or employee of the United States who shall knowingly and willingly violate subsections (a), (b), or (h) of this section shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than two years, or both.

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