



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON

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July 2, 1947.

The President of the United States,
The White House.

My dear Mr. President:

Needless to say I was quite disturbed when I received your telephone call on June 30, and while I did not then recall all the details incident to the cases involving the Coal Mines Administration and the Maritime Commission I was certain that the complete facts had not been disclosed to you. I therefore appreciated the opportunity to call you back after I had examined the files.

I was fully aware at the time I reached a decision in these matters just what the results would be and I must accept personal responsibility for deciding as I did. Under the circumstances, I had no authority, within the law, to decide otherwise. In order that there may be no misunderstanding of the facts, and to make clear that it was not within the power of the General Accounting Office to prevent the situations which resulted--situations which the administrative offices knew well in advance would result if they did not take appropriate and timely action--I am summarizing below the facts in each case.

Coal Mines Administration

On March 26, 1947, a representative of the Coal Mines Administration called on one of the officials of the General Accounting Office

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to discuss problems connected with liquidation of the Administration, including the question of the authority of the Administration to use receipts from operations for liquidation expenses after June 30, 1947, the date on which operation of the mines was to cease. The matter was of such consequence, and the authority of the Administration, after June 30, 1947, was so doubtful, that the Administration was advised to submit the matter formally for a decision by me. The Secretary of the Interior submitted a request for decision under date of April 7, 1947, and in decision of April 22, 1947, I held that funds available for operation of the mines to June 30, 1947, would be no longer available for obligation thereafter because the authority to operate the mines would expire on that date. Subsequently, on May 5, 1947, the Coal Mines Administrator and members of his staff called on two of the highest officials of this office with respect to the matter. At that meeting it was suggested that an effort be made to obtain legislation authorizing liquidation after June 30, 1947, and the Administrator was advised that the staff of the General Accounting Office would assist in drafting necessary legislation, if desired. Nothing further was heard from the Coal Mines Administration and I had no personal knowledge, prior to your call, as to what action, if any, had been taken to obtain necessary legislation. I now find that under date of June 5, 1947, you transmitted supplemental estimates of appropriations for the fiscal years 1947 and 1948 which contain an estimate for liquidation of the Coal Mines Administration. Also, on

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June 30, 1947, the House passed H.R. 4031, making appropriations to meet emergencies for the fiscal year 1948, which, either as passed by the House or as amended by the Senate on July 1, 1947, would enable the Coal Mines Administration to continue liquidation operations. The unfortunate situation which has arisen would thus be remedied. I want to emphasize however, that the Coal Mines Administration knew for over two months what the situation would be on June 30, 1947, in the absence of intervening legislation. As I explained to you on the telephone, I had no alternative but to decide this question as I did. The authority to operate the mines was granted by section 9 of the Selective Training and Service Act of 1940, 54 Stat. 892, as amended by the War Labor Disputes Act, 57 Stat. 163, which specifically provides that the authority shall "terminate at the end of six months after the termination of * * hostilities" as proclaimed by the President. By Presidential Proclamation 2714, dated December 31, 1946, you proclaimed the cessation of hostilities. Thus, the continued authority to operate the mines and exercise functions in connection therewith automatically ended on June 30, 1947. I could find no legal authority, or funds, for the continued exercise of functions incident to operation of the mines when the authority to operate the mines was no longer existent.

United States Maritime Commission

On July 8, 1946, the act making funds available to the Maritime Commission for the fiscal year 1948 was approved (Public Law 492). In enacting this appropriation bill the Congress approved only \$13,550,000

for personal services as contrasted with the Budget estimate of \$15,692,741. This was notice to the Commission, of course, to adjust its personnel requirements so as to operate within the approved amount. Subsequently, on October 13, 1946, the Maritime Commission presented an estimate to the Bureau of the Budget for supplemental funds in the amount of \$1,969,646, as necessary to meet increased pay costs resulting from legislation increasing the pay of Federal employees generally. The Bureau of the Budget approved only \$1,890,000 of such amount and the Commission knew of such reduction at least by February 13, 1947, when you transmitted the supplemental estimate to Congress calling for only \$1,890,000 (House Doc. 117). Also, the records of the Commission show that in October, 1946, the Commission presented a deficiency estimate to the Bureau of the Budget for additional funds. This request was never transmitted to the Congress. The Commission knew, or should have known, during this period, what its financial position was. At the hearings before the House Appropriations Committee on the supplemental estimate to meet increased pay costs, representatives of the Commission explained that even if the entire amount of \$1,890,000 was made available the Commission would lack the sum of \$331,000 which it considered necessary but which it explained would be "absorbed." These hearings took place on April 14, 1947, so the Commission knew on that date that steps would have to be taken to prevent incurring a deficiency. Notwithstanding the Commission's presentation the Congress reduced the approved Budget estimate by \$90,000, appropriating only the sum of \$1,800,000. In reporting the appropriation bill on April 29, 1947, the House Committee

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on Appropriations stated that the Committee "expects and demands that this situation will be cured immediately." Shortly prior to that time the Bureau of the Budget had warned the Commission to take prompt steps to avoid exceeding its personal services limitation and suggested that if a furlough was necessary it be done at the rate of one day a pay period. On the same date as the hearings just referred to, April 14, 1947, the Commission requested a decision from me as to its authority to use War Shipping Administration receipts to defray a part of its personnel costs and thus avoid the necessity for "absorbing" the so-called deficit. The matter was thoroughly considered by me and I held in decision of April 29, 1947, that no authority of law existed for such use of War Shipping Administration receipts. Quite some time later, on June 6, 1947, the Commission submitted a request for adjustment of funds under appropriation limitations to the General Accounting Office in accordance with established procedure, the effect of which would have been to charge certain personnel costs to other than the appropriation sub-item for which Congress specifically authorized funds for salaries. This was an entirely different proposition from the one on which I had rendered a decision. Such a request does not normally come to my personal attention and it was not until the night of June 18, 1947, that I became aware of the matter. However, a representative of the General Accounting Office previously had been sent to New York to examine such documents as necessary to determine the validity of the request. The following

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morning, June 19, 1947, three members of the Commission, and other officials thereof, called at my office and discussed the matter. I assured them that I was sympathetic to their situation and that an examination of their request would have priority over any other work of the General Accounting Office. It was suggested at that time that an allocation of funds might be obtained from the Emergency Fund for the President but it is understood that an effort to obtain such an allocation was unsuccessful. The next day, June 20, 1947, sufficient information had been obtained to determine without doubt that the proposed adjustment was wholly illegal and was nothing but a subterfuge to avoid exceeding the limitation placed by Congress on expenditures for personal services--a limitation binding on both the Maritime Commission and the General Accounting Office--or a sudden wholesale furloughing of the Commission's employees. Consequently, I called Admiral Smith and told him I could not approve the requested adjustment. While I was not called upon to do so, in realization of the seriousness of the situation I told him I personally would see the Chairman of the House Appropriations Committee and point out the intolerable situation confronting the Commission. I did so immediately after talking on the telephone to Admiral Smith.

I think it is clear from the foregoing that the Commission must have realized its plight from the very beginning of the fiscal year 1947; that the matter forcibly was brought to its attention several times thereafter; and that the General Accounting Office, in refusing

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to approve illegal transactions, was not responsible in any way for the situation which resulted.

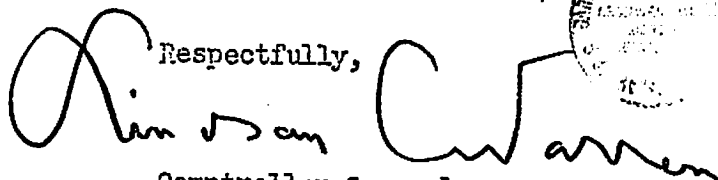
I want to assure you, Mr. President, that the officials of this office have a sympathetic understanding of the critical problems that many times confront the President and the departments and establishments of the Government. Many of them work overtime gratuitously on nights, week-ends and holidays in an effort to assist the Executive agencies in solving their problems and otherwise to extend to them the fullest cooperation. But just as those agencies are amenable to the law, and must abide by legislative enactments, so too must the General Accounting Office in passing upon matters coming before it. Occasions arise, of course, when we must decide questions without regard to our personal sympathies and, sometimes, adversely to the wishes of administrative officials. I know, too, the tremendous burden which you must bear and the fact that many times matters are called to your attention so briefly or in such manner that the many details thereof--as in these two cases--are not made known to you. It is simply for that reason that I have considered it appropriate to send you this letter in order that you may have the complete picture before you in writing and know the thorough and sympathetic consideration that the matters involved received in the General Accounting Office.

Unless it be your desire that additional information be furnished in connection with these matters this letter does not call for a reply.

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With kindest personal regards and the highest esteem, I
am

Respectfully,
A handwritten signature in cursive script, appearing to read "William C. Warren". The signature is written in dark ink and is positioned to the left of the typed name. To the right of the signature is a circular postmark stamp, partially overlapping the signature's end. The stamp contains some illegible text, possibly a date and location.

Comptroller General
of the United States.