

# New Federal Budget Plan.

Every student of the question recognizes the need for a budget system in our National Government, writes J. P. Chamberlain in the New York Times. Both political parties have gone on record as favoring a budget, many political leaders have declared themselves in favor of it, and none has so far ventured openly to oppose it.

Business organizations everywhere raise their voices against the costly inefficiency involved in the present system of providing for the financial needs of the Government, and since the income taxes have begun to press very hard on individuals and business institutions, the cry for economy is becoming louder. It is, however, one thing to want a budget system and quite another to determine the ways and means by which the system shall be put into effect, and exactly what the system shall do.

### A Complex Problem.

Both executive and legislative branches of the Government are concerned in a budget law. The executive understands its own needs; it alone has the information upon which the estimates for expenditures can be intelligently based and it knows the result of the existing tax laws; it can best estimate the probable effects of a change. The preparation of the estimates of revenues and expenditures, which is the capital point of the budget, must, therefore, be a duty of the executive branch of the Government. The legislative branch, however, votes the appropriations; the budget must be presented to the Legislature in such shape, that it can use the information to the best advantage in preparing and acting upon the appropriation bills introduced.

In Great Britain there is no searching examination of the budget made in the Legislature. The budget is introduced by the Government of the day, which is in effect a committee of the majority of the House of Commons. The House is bound to pass the budget presented to it, as the majority members were elected to support the decisions of this committee of their leaders. In the House of Commons, therefore, the debate on the budget is limited to a debate on questions of policy, in which the opposition may attack the policy of the administration, not the single items in its budget.

### Contrast to British System.

Wholly different is the situation in the United States. There is no link between the Legislature and the Executive corresponding to that supplied by the British Ministry. Frequently, even the President represents a different party than that of the majority in either house. He may differ in policy in regard to expansion of the activities of the Government, an increase in the army or navy, or appropriations of large sums for various social improvement projects. There is, furthermore, in Congress itself not that strict party control of the members in all matters which prevails in Parliament.

### The Present American System.

It must be remembered that Congress must have from the Executive information which it can use for the preparation of the annual revenue and appropriation bills. In the United States, estimates for expenditures are made up in each division and bureau of the ten great departments. These are forwarded to the department Secretary, who, after consultation with the bureau chiefs, decides which bureaus should have increases and what changes in the financial status of the bureaus should be made. This is necessary in order that the interests of the department as a whole and not any single bureau may predominate in the estimates.

The estimates are made up and forwarded on or before the 15th of October of each year to the Secretary of the Treasury. This official binds them together and forwards them to Congress on its assembling in December. The President, the responsible head of the Administration, is not responsible for the estimates, as there is no attempt at coordination of the needs of the various departments in the interest of the governmental organization as a whole. No attempt is made by any responsible officer of the Government to bring the estimates for expenditure within the estimated revenue of the Government, so that the "outgo" will not exceed the income.

The Secretary of the Treasury separately sends to Congress a revenue report comparing the estimates for the coming year, and a statement of the actual income of the Government during the last fiscal year. Congress must receive the estimates in a prescribed form, so that they can be divided and sent to the different committees which are to draft the appropriation bills.

Thus, each committee receives a statement which can be compared with the estimate and the actual appropriation of preceding years, so that it will know what increases are asked for specific heads of expenditure. Each committee then proceeds to consider each head of expenditure. It calls before it the officers who are asking increases in appropriations and questions them closely. The result is that increases are frequently cut. But bureau chiefs, knowing this in advance, customarily ask for much more than they actually need, hoping that the anticipated reduction by the committee will still leave them with the increase they deemed necessary.

Each appropriation committee introduces its bills separately and the bills proceed through both houses of Congress without being brought under the jurisdiction of one committee for coordination. Of course, the revenue committees are informed as to the probable total of the expenditures; but they have no right to protest against extravagant expenditures, because of the difficulty of raising new revenue.

Evidently, changes should be made in this system, both in the Administration and in the legislative handling of the accounts of the nation. There should be in the Administration the power to bring together all estimates and to compare them with revenue. The administration bears before the country the responsibility for the total of the expenditure and revenue, which means the responsibility for any new taxes laid to meet new outlays.

Suppose, for instance, that both Army and Navy Departments request large increases, while at the same time the Interior Department asks for a great sum of money to provide farms for soldiers. The Administration should decide in each case not only whether the end sought is desirable, but, if the national income is not sufficient to provide for all, which departments should receive the increase. Furthermore, if the Administration believes that, despite a deficit in income, all three increases are necessary to the public interest, it should be prepared to assume the responsibility for new taxes or a new bond bill to provide them.

### No Light Task.

Responsibility for estimating expenses of Government is not a light task, and it should not be imposed upon the Administration without due consideration. Bureau chiefs will always be excessive in their demands, and the Administration, without an independent force of its own to check up these demands, is helpless before them. Any budget bill, therefore, must provide the Administration with a sufficient force of experts to investigate the reasons for increases in estimates and to investigate the use of money in the past.

Needless to say, this force, acting from year to year to secure economy, will be the greatest factor for improvement in Administration methods which will be devised. If the Administration must assume responsibility for estimating before Congress and before the country, its object always will be to make these estimates as low as possible.

In our system of government there is but one officer upon whom this responsibility can be put, and that officer is the President. He is the head of the Administration and in him is vested the decision in respect to its policy. He also is more and more recognized as the chief of his party, so that a financial policy decided upon by him will be the result of consultation with party leaders in Congress as well as earnest consideration with Cabinet officers, both in their capacity as heads of the great departments and in their capacity as advisers.

The part of Congress in financial legislation must not be underestimated. It is Congress that frames the revenue bills and passes the revenue acts; it is Congress that decides upon the financial policy of the country, both as to expenditures and as to revenue. The administrative budget must be presented to Congress in such form that it can act upon the estimates therein contained and in such form that the requests for expenditure and suggestions for revenue of the President can be compared with the final grants and taxes authorized by Congress.

The Bill Before Congress. The Good bill to establish a budget, now before Congress, takes cognizance of the actual facts. Until Congress is ready to change its rules and to organize so that it can make use of a scientific budget, it must receive the estimates so arranged as to respond to its needs.

The Presidential responsibility for the estimates, though not so easy under the present complicated scheme as under a simple and uniform plan, can be established for the items of expenditure requested. In addition, responsibility can be placed upon the President for balancing expenditure and revenue and for suggesting new taxes to cover a deficit in revenue. This responsibility is placed upon him in the Good bill. To carry out this duty effectively, a force is given him to make investigations in the administrative organization.

If these investigations should disclose waste and inefficiency, requests for departmental increases could be cut to meet actual needs. Committees of Congress need no longer waste so much time in quizzing bureau chiefs as to why they want four stenographers at \$1,500, and whether three at \$900 or one at \$1,200 and one at \$900 would be sufficient. More time could then be given to the important items of expenditure and to the general policy of the committee.

Recognizing that the present method of submitting estimates is unsatisfactory, Mr. Good has provided for an experimental budget to be prepared by the President, with the aid of his technical force, and submitted to Congress at the next session, in December. This budget will not be constructed from a theoretical standpoint, but will be made up by the men who have been going over the estimates and have been examining into the organization of the various departments in Washington.

With this budget before it, Congress can easily ascertain what changes in its rules and organization will be necessary if it is to accept the budget proposed as its working statement of the revenue and expenditure needs of the Government. If it is ready to make the changes it can easily establish the scientific

budget as the sole budget to be presented. The advantages of this procedure are manifest. Congress could not at the present time intelligently reorganize its committees and change its rules to accommodate its organization to a statement of expenditures and revenues whose form it does not know. Without careful examination of the subject Congress probably would be unwilling to adopt a budget bill which would set out the form of a scientific budget in sufficient detail to enable Congress to adjust its organization to the new requirements.

No delay is involved in accepting Mr. Good's proposal, and there is the great advantage that the preparation of a plan for submission to Congress will be made by men having a duty to perform which opens to them the departments of the Government. The interest of Congress in the expenses of the Government is not limited to their passage of the appropriation bills. As guardians of the public purse members of Congress are interested in knowing that the sums appropriated are applied to the purposes for which they are expressly appropriated and that they are not wastefully or extravagantly used. It is extraordinary that up to the present time no organ of Government has been created which makes it possible for Congress to carry out this duty. The audit and control of Government funds is vested in the Controller of the Treasury and six auditors, also connected with the Treasury Department, and, therefore, connected with and responsible to the executive and not to the legislative branch of the Government.

Office of Controller General. Mr. Good's bill changes this undesirable situation in the simplest way possible, by creating the office of Controller General of the United States and by vesting in him all the powers of audit and control of the expenditure of the appropriations voted by Congress. He is appointed by the President, by and with the advice and consent of the Senate; but he is made entirely independent of the Executive, because he can only be removed at the request of Congress. He is further tied up to Congress by his duty to report directly to that body and to its committees. Members of his staff may be detailed to sit with committees whenever they desire information on the accounts and expenditures of the Government.

A committee of Congress to function with the Controller General is also provided for, so that Congress will have not merely a general and indefinite but a direct means of communication with the important auditing department.

## "Unprovoked Aggression."

From The New Republic.

Everyone is still swallowing hard on the proposed French alliance. When first rumored, it was flatly denied; the rumor having been confirmed, Americans with practically no exceptions tried to forget about it. A project which should have excited great discussion has been discussed hardly at all for the obvious reason that it put everybody in an awkward dilemma; nobody much wants the alliance, and few wish to say no to France, or know how to say it. Mr. Wilson's own reluctance is written all over it, and it must be admitted at the outset that if words can make an alliance innocuous the words of this alliance have been carefully chosen. Under it we are bound to go to war in two eventualities. First, if Germany violates any provision of the Treaty of Versailles concerning the demilitarization of her western border-land; second, if she commits "any act of unprovoked aggression directed against" France. Even these obligations can be annulled by a majority of the League's Council. If accepted by a majority of the Council, they can be abrogated later, if the United States for example should request it, by a majority of the Council.

This new Triple Alliance is in itself a majority of the Five Powers who are the real masters of the League. No member of the League not on the Council has any voice whatever in regard to this alliance. By what right do we make a treaty which says how the League may comfort itself in the face of it? This treaty, instead of subordinating

itself to the League makes its own terms superior to those of the Covenant. If France, Britain and America can say: "Our alliance is not subject to revision by the League except on terms defined in our alliance," what is there to prevent Japan or Italy from doing the same? Why shouldn't they form alliances with anybody they please, and write into them a clause saying: "These alliances are in conformity with the Covenant so long as two members of the League approve of them. We are those two members and we approve. There the League's competence is at an end." This alliance violates the Covenant in a most fundamental way. It is as if New York, New Jersey and Pennsylvania made special laws for each other's benefit, and then said that the constitutionality could not be revived except by a tribunal in which those three states were a strategic majority.

Let us examine this treaty by itself. It violates the Covenant; it violates Mr. Wilson's promises. All right, what if it does? There may be more important things in the world than documents and speeches. What are they? The safety of France. That is more important perhaps than the Covenant and certainly more important than Mr. Wilson's reputation. The safety of France from a repetition of the horror she has just suffered is a major interest of civilization. The question is whether this treaty provides greater security for France.

Before that question can be answered it is necessary to

abandon the false picture of France which exists in America today. The French people are terribly hit by the war. They have suffered enormously, and their dread of another invasion is a fact. But there is another "France," the France of the bureaucrats and the political generals which moves and has its being behind the thickest censorship in the world. It is all nonsense to say that the people of France, the French nation, and the present French government are one and the same thing. The French nation knows what the censorship wants it to know and lets it know. French opinion is not in contact with the facts. It is in contact with a governmental press, and it is manipulated by that press.

The method of manipulation is this; the real dread of the nation is agitated and prolonged by suppressing news which confirms the utter collapse of the German power and by emphasizing and inventing incidents which suggest that Germany may at any moment repeat the aggression of 1914. Everything that the government wishes to do is then explained as prudence, or simply not mentioned at all.

The whole elaborate manoeuvre has two motives—a public motive which is to build a barrier against Germany and Bolshevism; an official motive which is to make French diplomacy supreme in Europe. It is this second motive which is the real one, because the French Staff know perfectly well that Germany is prostrate and disarmed, that only extreme provocation and continual humiliation can cause national resistance. Of aggression there is no question. The utter ruin of the German steel industry and of German sea power make another 1914 beyond the realm of possibility. The Germans cannot overrun France with wooden sticks and razors.

The purpose of this treaty is not to protect France against a German invasion. The French government is not so unrealistic as all that. French diplomacy is seasoned, and it is not as sentimental as it may look. The French are not asking Mr. Wilson to sign this alliance to protect them against Germany. They know perfectly well that the League is every bit as good protection as this treaty. What ever their other skepticism they know that America would resist "unprovoked aggression" under the Covenant just as readily as under the treaty, and with their control of the press they could just as easily as not make this plain to the French people.

The object of their treaty is to create a clique within a clique, a governing body within the Council, which is itself a governing body within the League. The object is to create a Franco-British-American bloc for diplomatic purposes. For the Quai d'Orsay knows, though Mr. Wilson may not, that the words of an alliance mean nothing, that the fact of the alliance is all important. With such a treaty signed the Quai d'Orsay believes that it can pocket American influence in the League, leaving Britain supreme overseas and France supreme in Europe. French diplomacy knows that such a combination is diplomatically invincible.

It knows something more. It knows how utterly incompetent and inexperienced American diplomacy in Europe is, how easily it is hoodwinked, how bad its sources of information, how ignorant of history, how tender-minded. Once America is "grouped" as the diplomats say, the Quai d'Orsay will speak in Europe for the group. That is the purpose of the Quai d'Orsay.

But there is another aspect to the matter. The United States is bound to go to war if Germany makes any military move west of a line fifty kilometers east of the Rhine. Now it is an avowed object of General Mangin, the French Commander on

the Rhine, to separate the left bank of the Rhine from the body of the German Republic. There is no doubt whatever that this is one of the principal objectives of French official policy. Under Article XLIII of the Treaty of Versailles and under this proposed alliance, Germany is forbidden to put down insurrection in the Rhineland. There is nothing whatever in either of the treaties to prevent France from using coercion, bribery or intrigue to create a seceding government on the model of that recently attempted by Dr. Dorten. The use of military force by Germany to put down rebellion, no matter how engineered, is forbidden. It would not come under the head of "provoked aggression," for the demilitarization of this area is absolute. The "unprovoked aggression" clause, whatever it may mean, does not operate within fifty kilometers of the Rhine.

It is no answer to say that Congress would interpret our obligations under the treaty. France will have her interpretation, and if we fail to act as she will expect us to act, once this treaty is signed, we shall appear to the French people as a faithless nation. America cannot afford to make indefinite promises, to involve itself in this sea of intrigue. For the whole project has nothing to do with the defence of France against invasion or with the assumption of our share of the burden in maintaining the peace of the world. This treaty is in every respect the typical war-breeding alliance which has cursed Europe for centuries; it is on its face and in all its ramified meanings exactly the kind of entanglements against which every American statesman from Washington to Wilson has repeatedly warned us. It repeats every folly that ever cursed diplomacy from the grouping of hostile alliances to the dismemberment of nations.

It is the old diplomacy bursting through the shell of the League. Whatever promise there may be in the League this plan defeats. There is nothing here but pain and misery for the French nation. France has less than forty million people and she cannot hope for, she must not seek, mastery of the continent. The salvation of France lies in an orderly Europe of democratic nations acting openly and together. France can be safe only if she is content with equality of prestige and influence. Her present diplomacy is a mad adventure which will hurt no one so much as the French nation itself.

In so far as this treaty is part of the adventure it should be rejected. It has no real connection with the defense of France. It violates the Covenant. It violates America's "authoritative" statements. It will inflame jealousy. It will encourage counter-alliances. It will create parties within the League. It will discourage moderate administration of the treaty, and encourage the involved diplomatic intrigue of eastern Europe.

It is on the face of it absurd. To make a military alliance with the strongest military power in Europe against the only power which is disarmed has no military meaning whatever. If we want to protect some nation in a special way, why in Heaven's name do we not offer the alliance to Belgium? That would protect France just as well, and could not be made into a diplomatic combination. An alliance with Belgium, assuming that we have no faith in the League, would symbolize the meaning of the war, would have no serious diplomatic consequences, and would bar the only feasible road into France.

We suggest that this alternative will test the sincerity of the plan. Let the Senators who are in doubt about this alliance propose instead a guarantee to Belgium, and see what reaction there is.

Ein gutes Dienstmädchen mittleren Alters, auf einer Farm, deutsch sprechen können. German Marlen, Reich, Rebr. ff

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