Corporate Lessons for Public Governance: The Origins and Activities of the National Budget Committee, 1919–1923

Jesse Tarbert*

 Adolf A. Berle’s early career straddles two sides of a transition that occurred in policy advocacy coalitions in the United States between the end of World War I and the coming of the New Deal. In the first years after the Armistice, the leading advocates for state-building reforms at the national level were corporate lawyers and their allies in corporate finance. By the late 1920s, however, the corporate lawyers had largely retreated from the scene, replaced by academic experts employed at philanthropically funded organizations. In this context, Berle himself was a sort of hybrid actor, representing both sides of this transition. He started the decade as a dedicated member of the corporate bar. Although he maintained his corporate law practice throughout this period, by the end of the 1920s he was drafting The Modern Corporation and Private Property, a foundation-funded academic critique of corporate power.¹

* Visiting Assistant Professor of History, Loyola University Maryland. For their insightful comments, I am grateful to the participants at the Berle X Symposium, and to participants at the 2018 Business History Conference, where I presented an earlier version of this Article. Primary research for this Article was made possible by grants from the Rockefeller Archive Center in Sleepy Hollow, New York, the American Heritage Center at the University of Wyoming, the Department of History at Case Western Reserve University, and the History Project of the Joint Center for History and Economics (Harvard University and University of Cambridge), supported by the Institute for New Economic Thinking.

There is a peculiar disconnect between the way specialists view the 1920s and the way the decade is understood by non-specialists and the general public. Casual observers tend to view the 1920s as a conservative or reactionary interlude between the watershed reform periods of the Progressive Era and New Deal. Although many scholars have abandoned the traditional view of the 1920s, their work has not yet penetrated the generalizations of non-specialists. Even readers familiar with specialist accounts portraying the New Era as the age of “corporate liberalism” or the “Associative State” tend to view these concepts as just another way that business influence forestalled the development of a social-democratic state in this period, providing an example of the way that corporate elites favored only those innovations that were viewed as good for business. However, several scholars have recently begun to move beyond these older interpretations and view developments in the 1920s on their own terms by exploring topics such as the development of administrative law, the local political activism of business leaders, and the collaboration between federal administrators, business leaders, and academic researchers.

This Article builds on that interpretive shift by examining the actions of some of the leading corporate lawyers and financiers during the years after the Great War, specifically focusing on the origins and activities of the National Budget Committee (NBC). The NBC was formed in 1919 to lead the effort to enact a national budget system in the United States. The composition of the NBC, and its success in securing passage of the Budget and Accounting Act in 1921, illustrates the central role played by corporate elites in debates about administrative reform in these years. Although Berle himself was not directly involved in these debates,

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examining the NBC’s rise and fall helps to illuminate the world in which his early work was developed.

The overwhelming question that troubled policymakers and policy advocates in the immediate aftermath of the Armistice was the nation’s rapidly ballooning national debt. When the United States entered the war in April 1917, the debt stood at just over $1 billion. In less than two years that amount had grown to more than $20 billion.\textsuperscript{4} For a certain segment of the corporate elite, however, the debt crisis seemed to present an opportunity. Widespread anxiety over the debt, they believed, would make it possible to rouse public support for the centerpiece of their agenda. Perhaps, with the carrot of good government now accompanied by the stick of possible debt-triggered tax increases, corporate-elite advocates of administrative reform could leverage the sense of fear and crisis that surrounded the war debt into popular support for some of their old plans. “I think this is really a psychological time to push through a budget system,” former Secretary of War Henry L. Stimson wrote to a colleague. “The country is facing a financial burden incomparably greater than anything it has ever had before and the pressure which this burden produces will create a demand for better financial methods. That demand ought to be steered at once into the right channels of the budget.”\textsuperscript{5} And so, in the early weeks of 1919, during the winter that followed the Armistice, in wood-paneled rooms in Manhattan, an informal group of corporate elites kept warm, talking of budget reform. William Howard Taft led a series of conversations in several private clubs in New York City, where he and his associates discussed ways to take advantage of the new situation.\textsuperscript{6}

Existing scholarship on the creation of the national budget system has tended to treat the passage of the Budget and Accounting Act of 1921 as a near-inevitable result of a postwar consensus. However, the need to respond to this crisis after World War I actually brought a climax to a fierce but little-noted debate among proponents of three proposals. First, many Southern and Western Congressmen preferred a \textit{Congressional budget}. They hoped to restore the division of power that had prevailed during the nineteenth century, when the executive branch was viewed as a collection of bureaus that owed direct responsibility to Congress, and

\textsuperscript{4} These amounts were conveyed by Assistant Secretary of the Treasury Russell Leffingwell in testimony before the House Budget Committee. \textit{See Establishment of a National Budget System: Hearings Before the H. Select Comm. on the Budget, 66th Cong. 1, 499 (1919).}

\textsuperscript{5} Letter from Henry L. Stimson to John T. Pratt 138 (Apr. 12, 1919) (on file with Yale University Library, Stimson Papers, reel 52).

\textsuperscript{6} Some of these discussions are referenced in the following source: Letter from John Pratt to Benjamin Strong 1 (Feb. 5, 1919) (on file with Federal Reserve Bank of New York, Strong Papers, file 640.2.1).
when Congressmen were generally able to tell executive branch officials what to do and how to do it. Second, Wilsonian Democrats and some opportunistic Republicans favored a Treasury budget. In this system, the Secretary of the Treasury would act as a broker between the president and Congress in managing the budget process. Building on the Treasury Secretary’s traditionally close relationship with Congress, this system would preserve a role for Congress in formulating the budget and managing its administration. Finally, corporate elites such as Taft and his associates favored a third option, the Presidential budget. They believed that the President should take responsibility for managing public administration at the national level and have a planning staff to assist him in doing the job. Under a Presidential budget system, the President would be in charge of making the budget and Congress would approve or reject that budget. Under this system, the role of Congress in national administration would be limited to observing and critiquing the executive branch once Congress had approved the President’s course of action.\footnote{The creation of the Budget Bureau has been repeatedly analyzed by specialists in administrative history. \textit{See generally Peri E. Arnold, Making the Managerial Presidency: Comprehensive Reorganization Planning, 1905–1996} (2d ed. 1998); Jonathan Kahn, \textit{Budgeting Democracy: State Building and Citizenship in America, 1890–1928} (1997); Stephen Skowronek, \textit{Building a New American State: The Expansion of National Administrative Capacities, 1877–1920}, at 204–10 (1982). Two particularly useful overviews from a public administration studies perspective can be found in Naomi Caiden, \textit{Paradox, Ambiguity and Enigma: The Strange Case of the Executive Budget and the United States Constitution}, 47 Pub. Admin. Rev. 84 (1987); Roy T. Meyers & Irene S. Rubin, \textit{The Executive Budget in the Federal Government: The First Century and Beyond}, 71 Pub. Admin. Rev. 334 (2011). The budget has held little interest for most historians, however.}

Although this aspect of his career is not well remembered today, during the first quarter of the twentieth century Taft was widely regarded as an expert in budgeting and public administration. This expertise emerged primarily from his own work in government, particularly during his time as Governor-General of the Philippines and as Secretary of War. Taft solidified this reputation during his presidency when he convened the President’s Commission on Economy and Efficiency (known as the “Taft Commission”) to investigate possibilities for administrative reform. Among the celebrated achievements of the Taft Commission was the creation of the first organizational chart depicting the administrative structure of the executive branch. The commission also drew up plans for a national budget system, but these had gathered dust through the 1910s after Democrats in Congress cancelled the commission’s funding and Woodrow Wilson refused to continue its work.\footnote{The work and significance of the inquiry and commission are described in \textit{Arnold, supra note 7}, at 26–51; and \textit{Skowronek, supra note 7}, at 186–94. Other useful accounts include Ronald C. Moe, \textit{Administrative Renewal: Reorganization Commissions in the 20th Century} 31–36.
The other two leaders joining Taft in his post-Armistice budget discussions were Charles D. Norton and William F. Willoughby. Both men had contributed substantially to the work of the Taft Commission. Norton left a lucrative position as an insurance executive in Chicago in 1909 to serve as the President’s personal secretary. In Washington, Norton organized the Taft Commission, selected its staff, and supervised its work. When Taft’s presidency came to its end in 1913, Norton moved to New York, became a vice-president of the Morgan-affiliated First National Bank of New York, and served as a director for several large corporations. Although Norton hailed from the wilds of Wisconsin, he had business and family connections among the Northeast establishment. His own ancestry traced back to Puritan New England and his wife was a granddaughter of the abolitionist William Lloyd Garrison.9

Willoughby, today considered to be one of the founders of the academic field of public administration, had been one of the Taft Commission’s primary researchers. Before joining the commission, he had filled administrative posts in Puerto Rico, and was assistant director of the U.S. Census in 1910. After the commission was dissolved, Willoughby became director of the Institute for Government Research (IGR), which had been formed in 1914 by Norton and other veterans of the Taft Administration to continue the work of the Taft Commission. In 1927, the IGR would merge with two other research organizations to form the Brookings Institution. As director of the IGR in the late 1910s, Willoughby published a series of books on budget reform and executive reorganization.10

Taft, Norton, and Willoughby decided that the first step toward enacting budget reform would be to form a new organization to supplement the activity of the IGR. The IGR was an effective research organization, but the limitations imposed by its funders restricted its ability to advocate specific reforms. For a time, Taft and his allies had hoped that the U.S. Chamber of Commerce (USCC) could fill this role. The USCC had a broad membership and weight in public debates, but its membership was so diverse that it could not easily take stands on issues or advocate

particular proposals. Especially on the budget issue, the consensus among the USCC’s Northeastern establishment leaders in favor of the Taft Commission’s recommendations clashed with regional and sectoral business leaders who questioned the desirability of concentrated power in the federal executive branch. Taft, Norton, and Willoughby decided the budget movement required a respectable “propaganda organization” that could build political support for their plans. This new organization should be led by representatives of the corporate elite, but it should not be so large that its actions would be crippled by referenda and discord as the actions of the USCC often were.

Taft, Norton, and Willoughby selected John Teele Pratt to lead the new organization. A corporate lawyer, financier, and one of the wealthiest men working on Wall Street, Pratt was one of a small number in this era who could comfortably address letters to John D. Rockefeller, Jr., with the greeting “Dear John”—although he was not quite as wealthy as Rockefeller. In the mid-1920s, Pratt’s estate was valued at about $9 million. While this was relatively small compared to Rockefeller’s fortune, as a share of GDP, Pratt’s wealth was equivalent to about $1.77 billion in 2015 dollars. John T. Pratt’s father was Charles Pratt, one of the original nine trustees in the Standard Oil Trust. One of John T. Pratt’s brothers was a director of Standard Oil of New Jersey; another brother was head of Standard Oil of New York. Before the war, John T. Pratt was a director of the Universal Military Training League, a preparedness organization backed by members of the corporate elite. During the war, he was Associate Director (and the major financial backer) of the Public Service Reserve in the Department of Labor, and then served in Paris as General Manager of the Department of Military Affairs in the American Red Cross. After returning from Paris, Pratt settled back into his law practice and started a new firm specializing in management consulting and corporate reorganization. “Of medium height, and slightly built,” as one fawning journalist described Pratt, “he typifies the successful American

11. The commitment of the USCC leadership to the Taft Commission’s proposals is evident on the front page of the fourth issue of Nation’s Business: NATION’S BUS., Nov. 18, 1912, at 1; see also the second item in the editorial notes in NATION’S BUS., May 5, 1914, at 2.
12. For an example of a “Dear John” letter, see Letter from John Pratt to John D. Rockefeller (Apr. 21, 1919). For Pratt’s wealth, see Mrs. Ruth B. Pratt Inherits $9,152,771, N.Y. TIMES, June 18, 1929, at 29. As a share of Gross Domestic Product, this would have been equivalent to about $1.77 billion in 2014. See Samuel H. Williamson, Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to Present, MEASURINGWORTH (2018), www.measuringworth.com/uscompare/ [https://perma.cc/K29L-PSQE].
man of affairs—alert, accurate and incisive.”14 With a reputation for
energy, action, and “an electric personality,” Pratt seemed an ideal choice
for this role.15

In March 1919, Pratt produced a self-published pamphlet titled, An
Executive Budget System: What the Country Has Done, What the Country
Can, and Should Do.16 In the pamphlet, Pratt explained that the existing
budgeting system was essentially the same as the one that was in force in
the nineteenth century, when bureau chiefs and Congressional committee
chairmen calculated expenditures with no formal oversight from the
President. If the nation continued without modern budgeting, Pratt warned,
the war debt would inevitably lead to higher taxes. “A war debt of over
twenty billion dollars, the necessity of raising annually over three billion
dollars in taxes, and the tendency to constantly increase the number and
scope of governmental activities, has led to the publication of this little
pamphlet,” Pratt explained.17 “The national government must do its part in
reducing the present obligations by operating the affairs of this country on
a plan that is sound and businesslike.”18 By “businesslike,” Pratt had in
mind the basic plan that had been proposed by the Taft Commission and
modeled on the basic structure of corporate governance, with the executive
in charge of planning and implementing policy and the board of directors
in control of the purse strings but without direct administrative authority.
Transferring this model to the federal government, Pratt argued that “the
President is the executive and administrative leader of the nation,”19 and
that “in the executive administration of governmental activities, Congress
is a critic, not an actor. It supplies the money, but is not responsible for
administrating its expenditure.”20 Under this plan, the President would be
responsible for preparing “a complete work-plan of the Administration,
with estimates of revenue and expenditures to carry it out.”21 A single
House committee and a single Senate committee would approve or
disapprove of that budget. Congress would also be responsible for
“enforcing a system of audits and reports, which will enable Congress
intelligently to supervise the work of the Administration.”22

15. Id.
16. A copy of the pamphlet is preserved in the papers of Benjamin Strong. JOHN T. PRATT, AN
EXECUTIVE BUDGET SYSTEM: WHAT THE COUNTRY HAS DONE, WHAT THE COUNTRY CAN, AND
SHOULD DO (1919), https://fraser.stlouisfed.org/files/docs/historical/frbny/strong/strong_640_2_1_
pratt_1919-1925.pdf [https://perma.cc/2TPB-U3MR].
17. Id. at 3.
18. Id.
19. Id. at 11.
20. Id. at 26.
21. Id.
22. Id. at 27.
Shortly after his pamphlet appeared, Pratt was named chairman of a five-man organization committee for the group, which was to be called the National Budget Committee. The four who joined Pratt on the committee were Benjamin Strong, Paul M. Warburg, Joseph P. Cotton, and Henry L. Stimson—all well-known both on Wall Street and in the nation’s capital. Strong and Warburg were two of the most important bankers in New York; Cotton and Stimson were two of Wall Street’s most respected corporate lawyers. Benjamin Strong, the governor of the Federal Reserve Bank of New York, had been president of the Morgan-dominated Bankers Trust. His father-in-law was the Morgan banking associate Edmund Cogswell Converse.\textsuperscript{23} During the war, Strong served as Chairman of the Liberty Loan Committee.\textsuperscript{24} Paul Warburg was celebrated (and reviled, by some) for formulating the original, Wall Street-friendly “Aldrich Plan” for the U.S. Federal Reserve system. Born into a prominent Jewish banking family in Hamburg, Germany, he had settled in New York in 1902, joining Kuhn, Loeb & Co., the banking firm founded by his wife’s father, Solomon Loeb, and her uncle, Abraham Kuhn, and run by her brother-in-law, Jacob Schiff.\textsuperscript{25} Joseph Cotton, formerly a partner at the firm of Cravath & Henderson, was considered by Joseph Beal to have been “the best man in the class” of 1900 at Harvard Law, and Learned Hand considered Cotton to be the best student of his “whole generation.”\textsuperscript{26} During the war, Cotton had been Herbert Hoover’s “right hand man” at the U.S. Food Administration.\textsuperscript{27} Henry Stimson was the member of the committee with the most experience in government and the most recognized expertise with budgetary reform. A protégé of the renowned corporate-lawyer-turned-statesman Elihu Root, Stimson had followed his mentor’s path from a lucrative corporate practice into public service, serving as U.S. Attorney under Roosevelt and Secretary of War under Taft. His reputation as an expert in budgetary matters stemmed from his

\begin{footnotes}
\item[23.] See LIAQUAT AHAMED, LORDS OF FINANCE: THE BANKERS WHO BROKE THE WORLD 50 (2009).
\item[24.] See Opposes Needless Loans, N.Y. TIMES, Mar. 27, 1918, at 20.
\item[27.] Letter from Herbert Hoover to Henry Stimson (May 16, 1917) (on file with the Yale University Library, Stimson Papers 12–13, reel 49); see Letter from Herbert Hoover to Henry Stimson (May 20, 1917) (on file with the Yale University Library, Stimson Papers 66, reel 49).
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chairmanship of the finance committee at the 1915 New York State constitutional convention.28

By the end of the summer in 1919, the National Budget Committee was ready to launch its propaganda campaign. After incorporating in Washington, D.C., and hiring a salaried executive secretary, the committee published the first issue of its twice-monthly newsletter, The National Budget, on September 1 with text written and produced by the public relations firm of John Price Jones.29 A former employee at the H.K. McCann Company (one of the predecessors of the renowned McCann Erickson firm), Jones was the go-to publicity man for corporate-elite endeavors in this era. He had previously directed publicity for the Liberty Loan drives and also served as general manager of the Harvard Endowment Fund.30

The committee’s message received its widest hearing, however, through a two-part article written by Henry Stimson that appeared in the August and September issues of the popular magazine World’s Work—edited by Stimson’s friend, Arthur W. Page.31 In the article, Stimson presented a clear case for the budget plan that John T. Pratt had outlined in his self-published pamphlet in the spring: the President would devise the budget, Congress would approve or disapprove of that budget, and then an independent auditing agency responsible to Congress would assess whether the President had faithfully carried out his plans.32 Stimson took the opportunity to go beyond merely discussing the budget, however, and outlined his vision for what he and his mentor Elihu Root liked to call “responsible government.”33 By fixing the responsibility for public administration in the President’s Office, by clarifying Congress’s role as critic of the President’s program, and by ensuring that debate and criticism of that program was conducted in public, the budget system—Stimson argued—would help voters discern who was responsible for the success or failure of a given policy.34 In this way, Stimson hoped, his plan would

28. For details of his career, see generally MORISON, supra note 26.
29. See Memorandum from John T. Pratt (June 23, 1919) (on file with Yale University Library, Stimson Papers 705, reel 52); see also Letter from Charles S. Trimmer to Samuel McCune Lindsay (Aug. 11, 1919) (on file with the Columbia University Library, box 94, folder “National Budget Committee”).
34. Stimson, A National Budget System II, supra note 31, at 532.
strengthen central authority at the national level while also strengthening
democracy.\textsuperscript{35}

Stimson preemptively dismissed the arguments of those who
advocated placing the Budget Bureau in the Department of the Treasury
rather than in the Office of the President. “Of course,” Stimson wrote, “the
President would not do it all himself. He would not pass upon the infinite
number of details which enter into it, but his power must be behind the
budget and only his power will suffice.”\textsuperscript{36} Stimson argued that placing the
Budget Bureau directly under the President would allow it to fill the role
of a presidential staff agency, which in turn would enable the President to
efficiently enact national policy. Stimson explained further that the budget
office would provide “the necessary expert and clerical assistance [sic] who
will serve as the machinery with which the President renders easily
and intelligently his decisions between the different departments.”\textsuperscript{37}

While, at certain points, Stimson emphasized budgetary savings as
the chief rationale for budget reform, he took care to argue that cutting
expenditures was not an end in itself. He cautioned his readers that big
government was here to stay. The real challenge, Stimson argued, was not
to shrink the government but rather to ensure that big government was
rendered effective and efficient:

We may as well recognize that legitimate pressure on the
Government to enlarge its activities will not cease. Our population is
increasing; our communities and methods of business are constantly
growing more complex; more government and newer forms of
government are being made necessary; every year legitimate
expenses are bound to increase. There can be no going backward into
the simpler times of old.\textsuperscript{38}

Stimson also took care to couch his argument in business terms. He
insisted that the need for a Presidential budget system should be clear to
“every business man who is acquainted with corporate activities.”\textsuperscript{39} The
rationale for placing budgetary authority directly under the President, he
argued, derived from basic business principles. “How long would the
president of a corporation stay in office if he failed to present a plan of
work for the coming year to his Board of Directors and left it to them to
worry out of him the facts and reports which he should present,” Stimson

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\item[35] See generally Stimson, \textit{A National Budget System I}, supra note 31, at 371–75.
\item[36] Stimson, \textit{A National Budget System I}, supra note 31, at 536; Stimson, \textit{A National Budget
System II}, supra note 31, at 533.
\item[37] Stimson, \textit{A National Budget System II}, supra note 31, at 533.
\item[38] Stimson, \textit{A National Budget System I}, supra note 31, at 372.
\item[39] Stimson, \textit{A National Budget System II}, supra note 31, at 529.
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asked.40 “Such a work-programme must normally come from the executive head of any organized human activity.”41

Stimson’s article was timed to coincide with hearings before the House Select Committee on the Budget—hearings jointly organized by the NBC and the IGR—to consider a budget Bill drafted by William F. Willoughby of the IGR with input from the NBC and sponsored by the chairman of the House budget committee, James W. Good, Republican of Iowa.42 The “Good Bill”—as it would be known—largely followed the lines promoted by the NBC: the President would devise the budget, Congress would approve or disapprove of that budget, and then an independent auditing agency responsible to Congress would assess whether the President had faithfully carried out his plans.43

The Bill’s advocates emphasized that their ideas were derived from standard models of corporate governance. Stimson told the House committee that the problem with the federal government was that “in common public matters we were not following the principles which we were in our private business.”44 Arguing against the Congressional and Treasury plans, Stimson asserted that budget planning must be done by “that branch of the Government which has charge of the doing of the work. . . . It must, therefore, be done by the Executive, just as in the case of any large corporation.”45

Charles D. Norton, the former personal secretary to President Taft, told the House committee that the budget “should be initiated and submitted by the executives who are to carry the projects out” because “[i]t is the way it is done in business generally.”46 Norton observed that “there is not a single business corporation that I have observed closely that is not run along the lines of the Good Bill prepared by your committee.”47 When an incredulous Congressman challenged Norton’s business analogy by asking: “Do you know of any business organization that has three heads?”48 Norton replied,

40. Id.
41. Id.
42. Willoughby’s role is mentioned in CRITCHLOW, supra note 10, at 37. See also Letter from Brookings to John D. Rockefeller, Jr. (Oct. 20, 1919) (on file with Rockefeller Archive Center, Office of the Messrs. Rockefeller records, Series D, Civic Interests, box 40, folder 315, FA313). Lindsay’s role is mentioned in BUDGET COMMITTEES NAMED IN CONGRESS, NAT’L BUDGET, Sept. 15, 1919, at 1.
43. See BUDGET COMMITTEES NAMED IN CONGRESS, supra note 42.
45. Id.
46. Id. at 285 (statement of Charles D. Norton).
47. Id.
48. Id. at 285 (statement of Mr. Temple).
I know of many businesses where the executive, after he has made a given plan, is content to abide by the judgment of his board, even if it is negatived or partially negatived, or is content to abide by the advice of his counsel, without feeling that his usefulness has been impaired.  

Representative Good elaborated on Norton’s response by refining the analogy still further, asking: “[I]sn’t, after all, every business organization controlled by three heads?” “First, the president makes an estimate of a budget; the board of directors then assumes responsibility of approving . . . and after all the determination rests with its legal aspects as defined by the general counsel of the organization . . . .” Finally, for the benefit of his fellow committee members, Good restated Norton’s point: “If I understand your position, Mr. Norton, it is this: That we ought, so far as possible, to adopt those methods that all successful business organizations have adopted with reference to the finances of the Government.”

The National Budget Committee’s proposal for a Presidential budget system was not the only plan up for debate in 1919. The provisions of the Good Bill initially faced fierce opposition from advocates of a Congressional budget. However, the NBC was able to neutralize advocates for a Congressional budget and the House hearings served the intended purpose for the National Budget Committee and the Institute for Government Research, building a consensus in favor of some form of budget reform.

Days after the House hearings adjourned, the Good Bill passed easily on October 21 by a margin of 283 to 3 (with 143 not voting). However, while this was a victory for the idea of creating a Budget Bureau in the executive branch, the passage of the Good Bill sparked a new counter-proposal intended to preserve a congressional role in the budget process and limit the Budget Bureau’s ability to serve as a presidential staff agency. For the NBC, this new proposal was particularly worrisome because it had the backing of President Wilson.

The Wilson Administration’s preferred plan was embodied in the Bill introduced by the chairman of the Senate budget committee, Medill McCormick, Republican of Illinois. The McCormick Bill and the Good Bill differed significantly in their major provisions. In contrast to the Good Bill, which placed the proposed Budget Bureau in the Office of the

49. Id. at 285 (statement of Charles D. Norton).
50. Id. at 285 (statement of Rep. Good, Chairman).
51. Id.
52. Id. at 285–86.
53. 58 Cong. Rec. 7297 (1919).
President, the McCormick Bill would create a Budget Bureau in the Department of the Treasury. In contrast to the Good Bill, which called for creating an independent auditing agency, the McCormick Bill would leave the auditing function within the Treasury. The two bills also differed in their origins. Where the Good Bill had been written by William F. Willoughby of the Institute for Government Research, embodying the preferences of the National Budget Committee, the McCormick Bill was written by Charles Wallace Collins, at that time a researcher employed at the Library of Congress, at the direction of Carter Glass, the Secretary of the Treasury.

The alliance between Glass and McCormick (bitter opponents on other issues) underscores the ways that the budget debate cut across the traditionally identified fault lines in early twentieth century politics. In late 1919 and early 1920, Secretary Glass and Senator McCormick made a concerted private lobbying campaign intended to convince the leaders of the National Budget Committee to support the McCormick Bill rather than the Good Bill, arguing that backing the McCormick plan was the only sure way to overcome Congressional opposition to a national budget system. In public statements, however, Glass, McCormick, and their allies worked to encourage opposition to the Good Bill by warning about the dangers of creating a powerful Budget Bureau in the Office of the President and raising the specter of a corporate conspiracy. This idea was raised at the House hearings by William H. Allen, who was director of the Institute of Public Service, a municipal research organization he had formed after quitting his position as co-director of the Bureau of Municipal Research in 1914 to protest donations from the Rockefeller Foundation. Referring to the National Budget Committee, Allen asserted that the Good Bill would put power “in the hands of a permanent nonpartisan organization of banking and business experts.”

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54. On the contrasting provisions in the two bills, see Charles A. Beard et al., The Good Versus the McCormick Budget Bill, 9 NAT’L CIVIC REV. 219 (1920).

55. Willoughby’s authorship of the Good Bill is mentioned in a letter from Brookings to John D. Rockefeller, Jr., supra note 42. Glass’s role in developing the McCormick Bill is noted in Congress to Get New Budget Bill: Senator McCormick’s Measure Puts Bureau Under Secretary of Treasury, N.Y. TIMES, Nov. 28, 1919, at 21.

McCormick carried this effort further during a Thanksgiving Day press conference in 1919, where he claimed that “when the original plan of the House Bill was conceived, and before Mr. Good fathered it, it was the intention of the Bill’s progenitors to create the position of Director of the Budget, under the President, to be filled by Mr. Paul Warburg of New York.” Since Warburg was one of the nation’s most prominent Jewish bankers, McCormick’s assertion seemed to compound Allen’s charges of corporate conspiracy with a barely concealed layer of anti-Jewish innuendo.

Despite these efforts, the NBC remained committed to the Good Bill and the Presidential budget plan, although John T. Pratt and Benjamin Strong repeatedly suggested that it might be wise to join forces with the Wilson Administration to ensure that advocates of a Congressional budget could not get the upper hand. In response to one apparently attractive overture by Glass, Stimson urged Pratt and Strong to stick to the plan, and not to accept a premature compromise with the Wilson Administration. “I cannot join in any suggestion to change the Good Bill, so as to place the new machinery in the Treasury Department,” he explained. “It has always been my view that the responsibility should rest directly upon the President, and the new machinery for that purpose should be directly under him.” Stimson also questioned the tactical wisdom of seeking an alliance with the Wilson Administration, particularly if it meant accepting a bill that did not conform with the committee’s own preferences. “I think it would be a serious mistake,” he warned. “It might result in giving opponents of budget reform an excuse for sidetracking the whole effort.”

Nevertheless, after Senate Hearings on the McCormick Bill adjourned in mid-January 1920, the NBC directors were split on the question of which bill to support. Among the five original directors, Pratt and Strong were still open to a tactical compromise with the Wilson Administration while Stimson, Cotton, Warburg, and Samuel McCune Lindsay were committed to the Good Bill. Hoping to finally settle the question, the NBC employed a freelance researcher to investigate the situation on Capitol Hill. The researcher, William O. Heffernan, was a Kentucky-born accountant with connections among politicians of the New South. Heffernan was a former Budget Commissioner of Ohio and served as a director of William H. Allen’s organization, the Institute of Public Service, and he seems to have shared Allen’s aversion to the Good Bill. In his report, dated January 16, 1920, Heffernan leaned heavily toward

57. Congress to Get New Budget Bill: Senator McCormick’s Measure Puts Bureau Under Secretary of Treasury, supra note 55.
endorsing the McCormick Bill, and went out of his way to criticize the Good Bill. Heffernan’s main informant was Charles Wallace Collins, the author of the McCormick Bill, who, Heffernan nevertheless assured the committee, “has no coals in the fire and is a sincere student of the whole question.”

Collins warned Heffernan that the Good Bill itself was a ruse and that, although the Bill appeared to call for an executive budget system, there were flaws in the Bill that would make the system unworkable—flaws that he believed had been inserted deliberately by Good. Heffernan reported to the NBC that, according to Collins, “Chairman Good, of the House Select Committee on the Budget, although he strongly advocates the adoption of a budget system, is alleged to be really opposed to any such system.” The Good Bill, Heffernan explained, “was presented to the country as something that it wasn’t.”

The debate within the National Budget Committee over which bill to support continued into March 1920, when the committee received a book manuscript commissioned from Frederick A. Cleveland, who had been research director for the Taft Commission a decade earlier. Cleveland’s work for the Taft Commission had given him some authority on budgeting and other administrative matters, but he had not been directly involved in the movement for several years. In 1914 and 1915, he had been part of the group that established the Institute for Government Research and had expected to be named director when the Institute was incorporated, but the IGR’s board—dominated by allies of John D. Rockefeller, Jr.—had instead selected William Willoughby to lead the new organization. Cleveland continued to conduct his research independently in the meantime, but he seems to have harbored some lingering bitterness over this turn of events.

Cleveland’s book, titled *The Budget and Responsible Government*, was published in May 1920, as part of the MacMillan Company’s “American Social Progress Series,” edited by NBC research director Samuel McCune Lindsay. Scholars have tended to rely heavily on this volume in their descriptions of the postwar budget movement, but they have not noticed that the book presents evidence of the intense contest between advocates of the Good Bill and the McCormick Bill and that


60. Id.

61. On Cleveland’s background, see ARNOLD, supra note 7, at 14–15; SKOWRONEK, supra note 7, at 187. On Cleveland’s disappointment at the IGR, see CRITCHLOW, supra note 10, at 33.

Cleveland took an active role in these debates. In a key section of the book where he compares the various budget bills introduced in Congress, Cleveland offers some withering criticisms of the Good Bill in phrasing that recalls Charles Wallace Collins’s earlier attacks on Representative Good. “One may read it time and again and still be in doubt as to what it does aim to accomplish,” Cleveland writes. “The bill holds out the appearance of an executive budget measure; but on analysis it is found to lack the essentials, and one is left with the conviction that it is a complete surrender to . . . the Congressional status quo; that it is essentially a well-camouflaged legislative budget device . . . .” 63 Cleveland focused his critique on the wording of several specific clauses and referred to “the framers of the bill” with disdain. This suggests he may have been motivated in part by his long rivalry with the Good Bill’s author, William F. Willoughby. Cleveland was also apparently annoyed that his own favored Bill had been ignored. 64 However, the intensity of Cleveland’s opposition to the Good Bill is striking when compared to his initial assessment (made in June 1919, for the directors of the National Budget Committee), that the Good Bill was “a long step in the right direction,” and it suggests that he had been influenced in the meantime by Glass and McCormick. 65

Before publishing the book, the NBC attempted to counterbalance Cleveland’s apparent disdain for the Good Bill, which was still favored by a majority of the NBC directors, by including an introduction written by William Howard Taft. In contrast to Cleveland, the former President offered his unequivocal support for the Good Bill. After commending the British budget system, Taft lamented the lack of such a system in the United States: “Except in the very early days of the Republic, when Hamilton, with his wonderful genius, was inaugurating the business side of our Government, we never had anything like a proper budget.” 66

Taft then launched directly into the controversy over the competing House and Senate bills, drawing on his own experience as President, and dismissing the concerns of Treasury advocates that “the President has not the time” to manage the budget. “The preparation of the budget is going

63. Id. at 363, 372–78.
64. In his comparison of the various budget bills, Cleveland shows a clear preference for the Bill sponsored by Rep. James A. Frear, Republican of Wisconsin, which favored a Budget Bureau within the Treasury. Cleveland’s praise for the Frear Bill, combined with his disdain for the Good Bill, and his mixed assessment of the McCormick Bill, suggests that he may have had a hand in drafting this Bill for Rep. Frear. See id. at 359–62.
65. Letter from Cleveland to Samuel McCune Lindsay (June 23, 1919) (on file with Yale University Library, Stimson Papers 722, reel 52). For background on Cleveland’s disagreements with Allen at the Bureau of Municipal Research, see generally Irene S. Rubin, Early Budget Reformers, 24 AM. REV. PUB. ADMIN. 229 (1994).
66. CLEVELAND & BUCK, supra note 62, at xv.
to be one of the most important functions that the whole Administration performs,” Taft insisted. “Therefore, the President may well devote all the time that is needed to giving general form to the budget and deciding the questions that are certain to arise between his Budget Bureau and the departments whose estimates are to be subjected to a pruning.” Echoing Stimson’s analysis, Taft argued that it was necessary to have the President in charge of this process so that the inevitable disputes between the Budget Bureau and the departments could be more readily resolved. The President, Taft suggested, “can do it with his power—I doubt if the Secretary of the Treasury can.”67

The stark contrast between Cleveland’s text and Taft’s introduction made the volume even more awkward for the NBC. Professor Samuel McCune Lindsay attempted to smooth over the difference of opinion between Taft and Cleveland in an editor’s note dated March 17, 1920. Lindsay’s note offers a glimpse into the continuing debate within the NBC over whether to support the Wilson Administration’s plan. “In the ranks of the National Budget Committee,” the professor explained, “there developed differences of opinion almost from the start concerning the relative merits of the proposals for a national budget system, especially with respect to the location of the Budget Bureau and the concentrating of responsibility for the initiation of the budget.” Lindsay summarized the former President’s position: “Mr. Taft is primarily interested in seeing executive responsibility fixed and strengthened and therefore naturally prefers the Good plan.” And he attempted to summarize the position of the former head of Taft’s Commission: “Dr. Cleveland is so much attracted by other features of the McCormick plan . . . that he seems to prefer it as a whole.” Finally, Lindsay outlined the new official position of the National Budget Committee, which by this time included two additional directors: New York banker Manny Strauss and Nicholas Murray Butler, the president of Columbia University (who was well known as a close ally of Stimson’s mentor, Elihu Root). Lindsay explained that the NBC was now in favor of “a combination of the two plans in a McCormick–Good bill, which may finally be enacted by Congress.”68

By the time Cleveland’s book appeared, however, the tactical situation between the NBC and the Wilson Administration had shifted. On February 1, 1920, Carter Glass resigned from the Treasury in order to take a seat in the Senate. He was replaced by David Franklin Houston, who had

67. Id. at xvii.
68. Id. at ix–x. This disagreement between Cleveland and Taft in 1920, although not noted by her, supports Irene Rubin’s contention that Taft himself had dictated the preferences of his namesake commission, and that Cleveland’s endorsement of a Presidential Budget in his work on the Taft Commission reflected Taft’s views rather than Cleveland’s. See Rubin, supra note 65, at 244–45.
been Wilson’s Secretary of Agriculture. Lacking Glass’s connections in financial circles, Houston seems not to have continued his predecessor’s efforts to maintain the Administration’s alliance with Senator McCormick or to cultivate the leaders of the National Budget Committee. This inattention left McCormick vulnerable to persuasion by the NBC and led the senator to shift his position on the issue of an independent auditing agency.

In January 1920, before Glass’s resignation, McCormick had told William Heffernan that reforming the audit system would be “too great a thing to undertake at present” and that this was a rationale for leaving the auditing function within the Treasury. McCormick, Heffernan explained in his report to the NBC directors, “wants a budget system established first and then committees appointed by Congress to study the question of an audit. He says that in recommending this he is deferring to the opinion of Secretary Glass who should understand the situation.”69 By mid-February, however, McCormick had dropped Glass’s insistence on leaving the audit within the Treasury and the revised, final version of his Bill called for the establishment of an independent auditing agency. This shift brought McCormick’s views closer to those of Taft and Stimson, and meant that, now, both the House and Senate bills were in conflict with the preferences of the Wilson Administration.70

The Senate approved this version on May 1, 1920, and, two days later, a conference committee was formed to reconcile the two conflicting bills. When the conferees adjourned three weeks later, on May 26, they produced a compromise bill that provided for a Budget Bureau within the Department of the Treasury, as specified by the McCormick Bill and matching the preference of the Wilson Administration. At the same time, however, the final version of the Bill followed the Good Bill’s recommendation for an independent audit, contrary to the preference of the Wilson Administration. The conference committee’s version of the Bill was approved by the Senate on May 27, and by the House on May 29.71

Having spent more than half a year insisting that the audit must remain within the Treasury, the Wilson Administration was predictably

70. Letter from John T. Pratt to Stimson (Feb. 18, 1920) (on file with Yale University Library, Stimson Papers 579, reel 54); McCormick’s initial plan, see McCormick Has Budget System Ready for G.O.P., CHI. TRIBUNE, May 19, 1919, at 7. For the final form of his Bill, see MEDILL MCCORMICK, NATIONAL BUDGET SYSTEM, S. REP. NO. 66-524 (2d Sess. 1920). For a useful narrative focusing on the creation of the independent auditing function, see ROGER R. TRASK, DEFENDER OF THE PUBLIC INTEREST: THE GENERAL ACCOUNTING OFFICE 1921–1966, at 23–36 (1996).
71. For a useful timeline of the various votes and committee schedules, see generally Charles Wallace Collins, Historical Sketch of the Budget Bill in Congress, 2 CONG. DIG. 37 (1922).
troubled by the Bill’s provision for an independent audit. Treasury Secretary Houston suggested to Wilson that there was a rationale for a veto in the Bill’s provision for the Comptroller General and Assistant Comptroller General to be appointed by the President, but “removable only by concurrent resolution of Congress or by impeachment.” After Attorney General A. Mitchell Palmer informed Wilson’s personal secretary that this provision was “clearly unconstitutional,” the budget Bill, with Wilson’s veto, was returned to Congress on June 4, 1920, the second-to-last day of the session.

Wilson and his supporters framed the veto as a defense of executive prerogative and as the result of the President’s strict constitutionalist scruples, and advocates of budgetary reform assured the public that the provision of the Bill at issue was a mere technicality. But the focus, by contemporary observers as well as by subsequent scholars, on the constitutionality of the removal provision for the Comptroller General has obscured the fact that Wilson and his Administration had a record of opposing the creation of an independent audit.

By contrast, the leaders of the National Budget Committee—drawing from their experience in corporate governance—viewed the independent audit as a source of real power and prerogative for the President. By emulating corporate practice and having a non-executive actor assess the executive’s actions, they argued, an independent audit would solidify the executive, in its role as administrator, and the Legislature, in its role as observer and critic. They viewed such a system as an essential prerequisite for carrying out national policy.

Wilson’s veto ensured that the budget was at issue in the 1920 presidential election. The leaders of the NBC were initially disappointed with the nomination of Warren G. Harding, but as the Republican candidate spent the late summer of 1920 in consultation and negotiation with party leaders, he also received weekly lessons in governmental theory from Columbia professor Samuel McCune Lindsay, who was research director for the National Budget Committee. Near the end of August, Harding met with NBC chairman Pratt and assured him that, if elected, he would support the NBC’s proposals. In October, an article appeared under Harding’s signature in the election-eve edition of *The World’s Work*. One


73. See THE PAPERS OF WOODROW WILSON, supra note 72, at 361–63.

74. An exception is Skowronek’s discussion of the veto. SKOWRONEK, supra note 7, at 207.

75. On the questions of an independent audit, see supra notes 22, 32, 43, 54, 70–74 and accompanying text.
of the only substantive statements in the article was Harding’s pledge to enact a national budget system. World’s Work editor Arthur W. Page, who had commissioned the article, described it to Henry Stimson as an effort to force the senator to commit himself publicly to the NBC’s agenda.76

In April 1921, during the first weeks of the 67th Congress, the House again passed the Good Bill and the Senate again passed the McCormick Bill.77 In May, the competing bills were sent, again, to a conference committee, which again produced a compromise Bill. The new budget Bill was similar to the one passed the previous year, but with two significant changes. First, in repudiation of Wilson’s veto, the new Bill made the new Comptroller General even harder to remove, providing the officer with a fifteen-year term, with removal possible only through a joint resolution of Congress.78 Second, where the previous year’s version had made the Secretary of the Treasury the director of the budget, with an assistant director of the budget, and left it up to the President to decide which one should exercise budget authority, the new version specified that the director of the Bureau would be the director of the budget, responsible directly to the President, thus bypassing the Secretary of the Treasury.79

On June 9, 1921, the day before signing the Budget and Accounting Act, Harding offered the job of Director of the Budget to General Charles Gates Dawes, a Chicago banker with connections to J.P. Morgan and Company.80 Harding and Dawes immediately set about strengthening the position of the Budget Bureau as a presidential staff agency. At Dawes’s suggestion, Harding signed nine executive orders creating new agencies that Dawes called “coordinating machinery” to facilitate the work of the Bureau.81 These included the Federal Purchasing Board, the Federal

76. Warren G. Harding, Less Government in Business and More Business in Government, 41 WORLD’S WORK 25, 25–27 (1920). Harding’s lessons from Professor Lindsay, as well as Page’s account of the article’s production, is in Letter from Arthur W. Page to Henry Stimson (Sept. 17, 1920) (on file with Yale University Library, Stimson Papers 179, reel 56). For Pratt’s meeting with Harding, see Letter from John T. Pratt to Members (Sept. 1, 1920) (on file with Federal Reserve Bank of New York, Strong Papers, file 640.2.1).

77. For a useful timeline of the various votes and committee schedules, see Collins, supra note 72, at 37–38.


79. See SKOWRONEK, supra note 7.

80. Letter from Charles G. Dawes to President Harding (Jan. 25, 1921) (on file with Northwestern University, Dawes Papers, box 277, folder 3); Letter from Charles G. Dawes to President Harding (Jan. 26, 1921) (on file with Northwestern University, box 277, folder 3); Letter from President Harding to Charles G. Dawes (Jan. 31, 1921) (on file with Northwestern University, Dawes Papers, box 277, folder 3).

Liquidation Board, the Corps Area Co-ordinators, the Surveyor General of Real Estate, the Federal Motor Transport Agent, the Federal Traffic Board, the Federal Board of Hospitalization, the Federal Specialization Board, and the Interdepartmental Board of Contracts.82

As they implemented the Budget Act, Dawes and Harding held to the business analogy that had animated the administrative reform movement from the beginning. Dawes's memoranda to Harding were typically filled with statements such as: “The government as a business organization must function as a business organization, with the lines of authority proceeding as they do in the ordinary corporation.”83 Although Dawes and Harding—in their public statements at the time—often chose to emphasize the monetary savings that had been achieved through the budget system, they clearly viewed administrative rationalization as the Bureau’s most important legacy. Ten months into his tenure, in a personal letter to the editor of the Saturday Evening Post, Dawes summarized what he viewed as the chief contributions of the Budget Bureau. These included: “the imposition of central policy in routine business,” the creation of “the superimposed coordinating machinery in the hands of the President,” and the clarification of the role of Cabinet members, who “as the administrators of routine business . . . must be subordinate at all times to the President and to the coordinating machinery created by him for the transmission of a unified business program.”84

In June 1922, near the end of the second session of the sixty-seventh Congress, Ogden Livingston Mills, a former Wall Street lawyer and now the Republican representative for the seventeenth district of New York—a district which, at that time, included Central Park and the Upper East Side—sent a letter to his constituents, summarizing the achievements of the previous year. After discussing the spending reductions achieved through the new budget system, Mills wrote a statement that captured the ambitions of the reformers:

The President, ably assisted by General Dawes, has not only used the Bureau as a supervising agency in the interest of economy, but as a coordinating force, and has succeeded in unifying the divergent tendencies which existed among different departments and in

82. Id.
83. Memorandum from Charles G. Dawes to President Harding (July 11, 1921) (on file with Northwestern University, Dawes Papers, box 112, folder 10) reprinted in The First Year of the Budget of the United States 27 (1923).
84. Letter from Charles G. Dawes to George H. Lorimer, Dawes Papers (Apr. 29, 1922) (on file with Northwestern University, Dawes Papers, box 112, folder 112). This point is made by Peri Arnold, who writes: “Dawes’s organization of the Budget Bureau aimed at making it a centralizing, presidential staff. In particular, he meant the bureau to counteract the autonomy of the agencies.” See Arnold, supra note 7, at 55.
bringing about the spirit of co-operation and the common purpose that characterize the organization of our most successful corporations.85

Mills’s appraisal was echoed by scholars of public administration. Later in 1922, William F. Willoughby of the Institute for Government Research remarked that the budget system “definitely installs the President into the new position of general manager of the government as a business organization” and that it gives the President “an agency through which he could meet his new obligations as commander-in-chief of the administrative forces.”86 Public administration pioneer Leonard D. White, in the 1926 edition of his textbook, Introduction to the Study of Public Administration, wrote:

[The Budget Bureau] gives the promise of developing into a permanent and effective staff for the President. After long discussion the Bureau was attached by law to the treasury department, but from its foundation it has consistently viewed itself as the President’s direct agency for making his influence a real one in the business activities of the government.87

Scholars of public administration have long acknowledged that, in its early years, many of the founders of their discipline embraced the analogy between business and government. Leonard White’s use of the phrase “business activities of the government” is a good example of this.88 That White and others began to abandon that analogy during the 1930s is taken as evidence that scholars of public administration were beginning to professionalize and modernize.89 However, what is often missed is that, during the New Era, it was not only scholars who were struck by the resemblance between the federal government and the large national corporations that had come to dominate the American economy during the previous quarter century. As Robert Catherwood, president of the National Civil Service Reform League, explained in a speech titled The United States Government: The Greatest Industrial Concern in the World:

Take the first half dozen biggest industrial concerns in the country, put them together, and the United States is a bigger industrial concern than the lot of them. The government builds and maintains ships,

85. Letter from Ogden L. Mills to “My Dear Constituent” (June 27, 1922) (on file with Yale University Library, Russell C. Leffingwell Papers, box 6, folder 126).
86. William F. Willoughby, National Financing—The Old Way and the New, 2 CONG. DIG. 41, 42 (1922).
87. L EONARD WHITE, INTRODUCTION TO THE STUDY OF PUBLIC ADMINISTRATION 110 (1926).
88. Id.
89. This was first noted in D WIGHT WALDO, THE ADMINISTRATIVE STATE: A STUDY OF THE POLITICAL THEORY OF AMERICAN PUBLIC ADMINISTRATION (1948).
aeroplanes, dams, highways, ports, waterways, harbors, public buildings, bridges, fortifications, and penal and charitable institutions, and manufactures a list of 70,000 articles from apple jelly to zylophilogistic specimens. The government is the biggest banker, the biggest bond house, the largest carpenter, power concern, dredger, cement user, printer, and lithographer in the country. The combined faculties of Harvard, Yale, Princeton, Michigan, Chicago, Northwestern, Wisconsin, and Stanford are less than the scientific faculty of the Department of Agriculture. The United States is not only the largest employer of labor in the world, but the largest industrial, scientific, and social concern going.90

Acknowledging the ubiquity of the business-government analogy in the days before the New Deal helps explain the motivations of the leaders of the National Budget Committee and other reformers. If the government is a business, then the logical conclusion is that it should be run using modern business methods.

The business-government analogy can also help historians identify instructive episodes to examine. While historians of politics and policy have generally lacked interest in the origins of the national budget system, business historians have long noted that, as Alfred D. Chandler and Fritz Redlich once wrote, “the first appearance of a budget in business enterprise cannot be overestimated in its historical importance. It is an indicator of emerging bureaucratization of business.”91 This suggests that the story behind the Budget and Accounting Act of 1921 ought to be central to historians’ understanding of the development of the modern American state.

Studying this story provides a good example of the central role that corporate lawyers played in public policy debates in the first years after World War I, and it usefully illustrates the significance of their agenda and the scope of their ambitions. The opposition that their proposals provoked—from populist Congressmen as well as progressive officers in the Wilson Administration—shows that they were not simply pursuing a moderate consensus.

Throughout the debate, the leaders of the National Budget Committee argued that one of the chief benefits of a Presidential budget system would be the creation of a presidential staff agency. They continued this quest after the creation of the Budget Bureau. In 1921, the NBC published, in book form, its plan to increase the managerial power

of the president by “giving to the President the machinery which he must have in order to perform effectively the functions of the chief administrative officer of the Government.”92 They proposed to do this through reorganization of the executive branch, and their recommendations formed the basis of the reorganization plan presented to Congress by the Harding Administration in 1923. Among other changes, that plan included a proposal to move the Budget Bureau from the Department of the Treasury to the Office of the President. This idea naturally provoked opposition in Congress, and the Harding plan never came to a vote.93 The NBC leaders’ vision of a true presidential staff office would not be fully realized until after the reform efforts of the New Deal-era Brownlow Committee and the post-World War II Hoover Commissions.94

As in the budget debates, some policymakers—particularly farm-state Congressmen—charged that the NBC’s executive reorganization proposals were a stalking horse for a corporate conspiracy. In 1926, in response to a query from Yale Law School Dean Thomas Swan about the possibilities for securing passage of an executive reorganization plan, John T. Pratt described this as one of the primary roadblocks facing reformers. “From my experience,” Pratt wrote, “I am very firmly convinced that nothing can be done along the line of reorganizing the Government, without a great deal of work and without the backing of all possible organizations likely to be at all interested, particularly the farm group.”95 However, the NBC’s failure to overcome these political obstacles created an opening for academic experts. As corporate lawyers such as Pratt and Stimson began to demur from engaging in debates about administrative reform, they began to be replaced by scholars in the emerging discipline of public administration studies such as Leonard White, Charles Merriam, and Louis Brownlow—the men to whom Franklin Roosevelt would turn when he sought to increase the managerial capacity of the executive branch in 1936.96


94. See ARNOLD, supra note 7.

95. Letter from John Pratt to Thomas Swan, Dean of Yale Law School (Nov. 11, 1926) (on file with the Cornell University Library, National Civil Service Reform League Papers, box 7, folder AAb7).

96. On the Brownlow Committee, see ARNOLD, supra note 7. On F.D.R.’s ideas about reorganization, see Barry D. Karl, Constitution and Central Planning: The Third New Deal Revisited, 1988 SUP. CT. REV. 163.
This story also puts Adolf Berle’s dual status as both corporate lawyer and academic expert into a new context. With one foot on each side of the divide between the old world of corporate elite-backed reform and the emerging world of academic reform, Berle was uniquely positioned to take a leading role in policy debates during the New Deal and after. As a successful member of the corporate bar, Berle could not simply be dismissed as an idealistic academic by observers who were nostalgic for the days of the NBC. Conversely, as a university professor engaged in scientific study of the problem of corporate power in American society, Berle could not be dismissed as a throwback to the patrician citizens reform committees of old.