

COSTS CUT BILLIONS, BUT NOTHING SAVED

Congress's Economy Waves Feign Big Reductions, but Totals Increase.

LEGISLATORS DELUDED Hidden Reappropriations, Revolving and Other Funds Conceal Big Excesses.

EYES CLOSED TO REMEDY Only Way, It Is Pointed Out, Is to Reduce Expenditures to Estimates Adopted.

What is being done in Washington to lessen the expense of government and to reduce taxation? THE NEW YORK HERALD has made a thorough investigation of the situation to find answers to these two questions—if there are any. It publishes herewith the first article of a series which will be published daily during this week and which will make clear to the readers of this newspaper existing conditions and prospects.

Special Despatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., May 30.

This nation spends on the Federal Government from one to two billions of dollars a year more than it ought to spend and more than it thinks it is spending solely because it does not know—the public does not know and the Government does not know—how or where the money is spent until after the transactions are complete and the Treasury pays out the money. Before anybody can intelligently criticize Government expenditures, and before Congress can take action to meet criticism, a more general working knowledge of Government spending methods must be attained. But such knowledge is practically an impossibility except to the few who can make an extended study of the Government fiscal practices and then keep constantly in touch with the work and expenses of all the departments. Almost everybody can talk in general terms about the open floodgates of extravagance, but not one individual out of ten thousand can point to the various controls and show where one channel of expenditure can be shut off and save a hundred millions, and another to save two hundred millions, and so on. There are some experts on the Government payroll who might do this, but they are the men whose job is not to show how money can be saved, but how money can be raised so that it can be spent.

We in this country have been prone to talk about the extravagance of European governments, but they at least are fully acquainted in advance with the sums to be distributed during a fiscal year. This affords opportunity for intelligent and helpful criticism and exerts a constant pressure for economy. Last year the English treasury knew at the beginning of the fiscal year just how much revenue would be collected and spent. The budget amounted to about \$5,000,000,000, and at the end of the year the estimates made, at the outset were found to be within \$20,000,000 of the actual receipts and expenditures.

Real Conditions Distorted. But our system of appropriating according to the ideas of Congress and spending according to the ideas of department chiefs makes it impossible to tell at the beginning of the year how much the Government will cost the taxpayer. This condition is being taken advantage of to prove that the Government is practicing economy and that Congress has suddenly become parsimonious in making appropriations, when actually nothing of the kind is true.

It will be seen by the accompanying Table No. 1 that for the fiscal year 1921 the Democratic Secretary of the Treasury submitted estimates to Congress for \$5,044,259,793, but that the Republican Congress cut the actual appropriations to \$3,717,441,454. But the figures showing the actual expenditures for the fiscal year 1921, which ends July 1 next, amount to \$5,602,624,861. At the time the appropriation bills were passed much credit was taken by Congress for cutting the estimates, but no actual saving resulted. Even after deducting the railroad expenses, which were not included in the appropriations, the expenditures are still far above what the regular appropriation bills provided.

As shown in table No. 2, the same discrepancy exists in the appropriation bills for 1922 and the estimate of Secretary Mellon of what actual expenditures will be. The estimate of expenditures is \$4,566,877,033, while Congress allows only \$3,597,734,642, exclusive of deficiencies for 1921 and the postal expenditures, which are not included in Secretary Mellon's estimates, but exclusive of the total appropriations for 1922, exclusive of the 1921 deficiencies, are less than \$3,000,000,000. This is \$1,566,877,033 less than what the Secretary of the Treasury says will actually be spent.

Reduction Really Fictitious. In this case also, as the figures show, Congress went through the motions of economizing by reducing the estimates of the Democratic Secretary of the Treasury from \$5,282,127,174 to \$3,962,227,647, and credit is taken for saving \$1,319,899,526, but Secretary Mellon shows that the Government plans to spend a billion and a half more than that. So far as any change in the spending programme is concerned Congress might as well have gone ahead and appropriated the full amount of the estimates by the Democratic Secretary of the Treasury.

This does not prove the wisdom of the Democratic Secretary of the Treasury in estimating for a spending machine built up by the Democratic Administration, and which cannot now be instantly dismantled. But it does prove that if Congress is to reduce this spending machine to something like its pre-war size some other method besides a reduction in appropriations, which means nothing, will have to be employed. The question is how to bring expenditures down to appropriations. And the answer is for Congress to quit feigning economy in the reduction of regular appropriations while it closes its eyes and lets the Government departments get by with huge expenditures author-

ized by indefinite appropriations, re-appropriations and revolving funds.

These three kinds of appropriations, which do not appear in the regular list, have come into vogue only in the last two years. They are the worst kind of subterfuge, because they fool the public and the country into believing that it has become the practice for different departments when they fail to get all the money they want in the regular appropriations, to look up some unexpended balances and ask authority to have this transferred to the purpose for which the regular appropriation was refused. This is what is called a reappropriation. Indefinite appropriations and revolving funds are also the source of much extravagance because they are not subject to supervision, and the departments to which they are allotted are at liberty to spend as much as they wish and the Treasury is bound to honor their demands.

Half Billion Is Reappropriated. According to law unexpended balances should revert to the Treasury after a lapse of one year. But in the present fiscal year, as items cited below show, reappropriations have cost the Government \$241,000,000, and it is estimated that for the fiscal year 1922 it will cost an additional \$875,000,000.

Reappropriation 1920 balance account of reappropriation and selection for military service \$761,000. Quartermaster's balance reappropriated to build infantry school in Georgia 1,000,000. Twenty-five unexpended balances from year 1918, reappropriated to pay 1921 contract claims 75,176,969. Military construction reappropriation for 1920, reappropriated for 1921 25,000,000. Fortifications balance reappropriated from 1920 for storage facilities 5,000,000. Chemical warfare balance of 1919, reappropriated for 1921 2,000,000. Quartermaster's balance reappropriated for supplies in 1920, funds to be available in 1921 29,282,903. Marine Corps reappropriation 5,000,000. Additional Marine Corps reappropriation 3,000,000. Naval supply balances previous year 114,000,000. Additional naval supply reappropriation 280,000,000. Total \$541,734,873.

The above table, which was compiled by Representative Byrnes of South Carolina with the help of the Treasury, does not comprise all reappropriations. Such items are scattered through departmental expenditures and can not be segregated at all in many instances from the allowances made by Congress in the regular way. The outstanding instance of an indefinite appropriation, and how it may swell Government expenditures without increasing the actual appropriations in the regular bills, is the section of the Transportation act of 1920 which authorizes the Treasury to pay whatever is necessary to meet the requirements of the act. This, according to the estimate of the Secretary of the Treasury, will cost the Government \$500,000,000 this year and \$545,000,000 next year. This is only one of the indefinite appropriations. In reappropriations, it is only in rare cases that the funds from such expenditures can be traced, but they account for a large share of the difference between the actual appropriations by Congress and the expenditures by the departments.

Examples of revolving funds are those granted to the Railroad Administration for Federal operation and which cost the Government \$53,000,000 last year. The Emergency Fleet Corporation also had a revolving fund which accounted for \$100,000,000 of expenditures in the regular appropriations. The burden of these figures, showing more than \$1,000,000,000 of expenditures authorized under what might be called "invisible" appropriations, is not to show that the Government ought to break its contracts or to pay its debts. But what they do show is that while the public was having the wool pulled over its eyes by legislators who were supposed to be cutting appropriations right and left, the departmental spenders were out hunting for a means to thwart economy and get Congress to authorize expenditures as high as the previous year when the extravagance of the Government was notorious. And the departmental spenders did not hunt in vain.

If there had been no revolving funds, indefinite appropriations or reappropriations in the last fiscal year the Government would not have escaped meeting its honest obligations, but it is the opinion of authorities on Government finance that if instead of reappropriations Congress had been forced to grant regular appropriations or none at all, the discussion of items included in the \$541,000,000 reappropriations would likely have resulted in proving them unnecessary and practically the whole amount would have been saved. As no specific limitations are laid on reappropriations, indefinite appropriations and revolving funds, it is not surprising that disbursements under these heads entirely wipe out the difference between what Congress ostensibly appropriates and what the Government spends, thus nullifying all the talk about economy.

There is, of course, only one way to put Congress and the departments of the Government beyond temptation to disguise expenditures, and that is to adopt the budget system. But the budget system can not go into effect in this country until the fiscal year 1923. Meanwhile, by keeping an eye on the fiscal year 1922 appropriations of Congress and Secretary Mellon's estimates of what likely will be spent, and remembering that Mr. Mellon's estimate of \$4,566,877,033 is practically what the Democratic Secretary of the Treasury was criticized for asking Congress to provide, it will be possible to discern what kind of economy is being practiced by the Government.

HUNGARIAN JEWS URGE RACE PROPAGANDA CURB Resolution Asks Aldermen to Put Check on Libraries.

The Hungarian Jews in America, who have been holding their annual convention in Tammany Hall, adopted a resolution yesterday urging the Board of Aldermen to pass an ordinance prohibiting the sale and publishing of malicious lies about the various races, creeds and colors of the city.

The resolution refers to the anti-Jewish campaign of Henry Ford and his Dearborn Independent, but does not mention the motor car manufacturer by name. It says, however, that such an ordinance is needed in view of the "malicious and propagandist lies" which are originating from an unscrupulous business and self-aggrandizing newspaper publisher in Detroit, Mich.

Another resolution asks the Government to interpret the new immigration law liberally. The convention closed yesterday.

PRESSMENN TELL GRIEVANCES. Freshman Assembly Receives Statement, but Declines Hearing.

PHILADELPHIA, May 30.—The United Presbyterian General Assembly today selected Cambridge, Ohio, for next year's convention. The Assembly refused a public hearing on striking members of the pressmen's union of this city, but accepted a typed written statement of grievances and appointed a committee, headed by the Rev. A. K. Robinson, Pittsburgh, to consider it. The committee reported that only one side of the question at issue had been represented and consequently the committee was not acted on. The Assembly thus refused to commit itself on the subject of the pressmen's strike.

HOW BILLIONS ARE 'SAVED,' BUT OUTGO REALLY GROWS

TABLE NO. 1. ESTIMATES submitted by the Democratic Secretary of the Treasury last year for the various departments to cover requirements for the fiscal year 1921, which ends July 1 next. The second column shows the cuts in these estimates made in the actual appropriations. The third column gives Secretary of the Treasury Mellon's figures on what the actual expenditures will be for the 1921 fiscal year.

Table with 4 columns: Department, Estimates 1921, for 1921, Actual Appropriations, Expenditures. Rows include Legislative, Executive, State Department, Treasury Department, etc.

TABLE NO. 2. ESTIMATES for the fiscal year 1922 submitted by Secretary of the Treasury Houston before the Democrats went out of power are shown in the first column. In the second column are shown the various appropriations, all of which have been passed except the army and navy bills. These are shown as they were passed by the last session of the House, but not by the Senate. This session of Congress is expected to pass army and navy bills carrying substantially these same amounts or possibly more. Secretary of the Treasury Mellon's estimates of what the Government will actually spend in the fiscal year 1922, beginning July 1 next, are shown at the bottom of the table and the difference between appropriations and expenditures is given. The last column of the table gives the savings which the Republican Congress claimed to have made by reducing the Democratic Secretary of the Treasury's estimates.

Table with 4 columns: Regular Appropriation Bills (Completed), Estimates, Appropriations, Decrease. Rows include Agriculture, Army, Diplomatic and Consular, etc.

TABLE NO. 3. UNTIL the war threw all regard for economy in the discard the annual appropriations of Congress were an accurate indicator of what the Government would spend during a fiscal year. The reappropriation for peace time expenditure of unexpended balances left from the war now makes it possible for expenditures to far exceed appropriations, and the efforts of Congress to save by cutting down regular appropriations without limiting the "invisible" reappropriations, indefinite appropriations and revolving funds have thus far been futile.

Table with 3 columns: Year, Appropriations, Actual Expenditures. Rows include 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905.

PERSHING DECORATES GRAVES OF PARENTS Joins Chicago Veterans in Honoring Nation's Heroes.

CHICAGO, May 30.—Gen. Pershing today decorated the graves of his father, mother and brother, Capt. Ward B. Pershing, at Oakwoods Cemetery. The General, in civilian attire, was accompanied only by his brother, James P. Pershing, and C. L. Frame, a relative.

DENBY EXTOLLS SOUTH IN PATRIOTIC SPEECH Only Splendid Memories of Hero Dead Remain, He Says.

BEAUFORT, S. C., May 30.—The "splendid memories" of the heroic deed of the North and South remain and the "bitterness engendered by the nation's great sectional conflict is over," Secretary Denby declared in a Memorial Day address here. Extolling the courage, generosity and firm conviction of right which he said inspired the leaders and men of both sides, the Secretary added: "I am a Southerner and my father wore the eagles on the uniform of blue, but first I am an American, and you cannot take from me my heritage of pride in Lee and Jackson and Pickett and your own beloved Forrest. They were Americans, too—and mine own people." Their skill and their deeds of daring are mine to glory in."

SENATE FIGHT SOON OVER PANAMA TOLLS

Borah to Revive Effort to Give U. S. Vessels Free Passage in Canal.

INVOLVE FOREIGN POLICY Britain and Other Nations to Object—Recalls Wilson's 'Ungrudging Message.'

Special Despatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., May 30.

As soon as the naval appropriation bill is out of the way legislation will be begun in the Senate, in advance of any specific recommendation from President Harding, which may become more vital in its relation to the foreign policy of the United States than the question of disarmament involved in the naval bill. It concerns the proposal to reestablish free passage for American shipping through the Panama Canal, a policy abandoned in 1914 as the result of the first great victory won in Congress by Woodrow Wilson.

With Great Britain in the lead, all the maritime Powers are ready to protest against this proposed policy on the ground that it is unfair discrimination in favor of American shipping and contrary to the world understanding when the United States built the canal. While the battle will be fought in the open in Congress, it is realized fully that the final answer probably will rest with President Harding and Secretary Hughes, who will deal with the international difficulties sure to arise as a result of any effort to give this preference to American ships.

There does not seem to be any doubt that the question of free passage for American ships will become involved before many days with some of the most vital problems of world adjustment in the Harding Administration.

British Protest in Abeyance.

British statesmen are keeping silent on the subject in the hope that the movement in this country for free passage will be abandoned, but there does not seem to be the slightest chance of that. At the psychological moment the storm of British protest is expected to break.

Senator Borah, chairman of the Committee on Inter-oceanic Canals, announced today that he intended to bring the free canal question before the Senate as soon as the disarmament question and the naval appropriation bill can be disposed of. Neither the free passage in the Senate of either party knows the temper of the Senate on the subject and this is giving both sides considerable uneasiness.

Repeal of free passage marked the real beginning of Woodrow Wilson's domination over the legislative branch of the Government. In face of a platform declaration of his party for free passage, Mr. Wilson asked for and obtained the repeal of the measure. His reason, it will be recalled, was shrouded in mystery.

"I ask this of you," he said in his message, "in spite of the foreign policy of the Administration. I shall not know how to deal with matters of even greater delicacy and nearer consequence if you do not grant it to me in ungrudging measure."

On the basis of this cryptic utterance, so far as any one can learn, never has been known the free passage was abolished, the vote in the Senate being 50 to 35, with ten Senators not voting. Party lines were abandoned, Republicans and thirty-seven Democrats voting with Mr. Wilson, while twenty-one Republicans and fourteen Democrats voted against him.

Harding's Letter is Quoted.

Senator Borah, who is sponsoring legislation for a free canal, and his colleagues are counting on the support of President Harding. The 1920 Republican platform contained a plank favoring free passage and it was commended by Mr. Harding in his letter accepting the nomination. He said: "I like that recommendation to thoughts of America first which pledges the Panama Canal, an American creation, to the free use of American shipping. It will add to the American reawakening."

COLLECTING FUNDS FOR ANTI-DRY PARADE Special Division for Elderly Citizens Asking to Join.

Beginning Thursday authorized solicitors in forty automobiles will go about the city to collect funds for defraying the expense of the Fourth of July anti-prohibition parade up Fifth avenue from Washington Square. To prevent fraudulent collection each solicitor will carry an identification card bearing his or her photograph, together with the signature of Michael J. McCarthy, chairman of the finance committee, and C. H. Buhler, which will be shown upon the demand of any prospective contributor.

ZANE GREY WEEK

You can get them everywhere this week. "The Mysterious Rider," "The Man of the Forest," and "Fate of the West." The greatest sectional conflict in our history. This best-known author in America. Harper & Brothers, Est. 1817, N. Y.

\$1,000,000 BRIDGE OPENED AT FAIRMONT Structure Is Dedicated to Soldiers Killed in War.

Special Despatch to THE NEW YORK HERALD, FAIRMONT, W. Va., May 30.—Fairmont's new \$1,000,000 bridge which spans the Monongahela River was opened here today with appropriate ceremonies. A tablet dedicating the bridge to the soldiers from Marion county who gave their lives in the world war and presented to the county by the local chapter of the D. A. R., was unveiled.

The principal speakers were Gov. E. F. Morgan and Charles M. Schwab. The bridge is a three span reinforced concrete structure, designed by the Concrete Steel Engineering Company, New York.

USES GAS TO END HIS LIFE. Ernest Staghagen, an interpreter, was found dead in his furnished room at 34 West Tenth street, yesterday.

According to Patrolman Walter Rose of the Mercer street station the doors and windows were closed and sealed, and gas was escaping from an open jet. A search of the room and Staghagen's effects failed to reveal any motive for his suicide.

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