

# ECONOMY AND EFFICIENCY IN THE GOVERNMENT SERVICE



MESSAGE OF THE PRESIDENT OF  
THE UNITED STATES

TRANSMITTING

REPORTS OF THE COMMISSION  
ON ECONOMY AND EFFICIENCY



APRIL 4, 1912.—Referred to the Committee on Appropriations  
and ordered to be printed

Mrs. OF THE PRESIDENT.	Page.
Local officers should be in the classified service.....	5
Post offices.....	5
Pension agencies.....	5
District land offices.....	6
Internal-revenue and customs offices.....	6
Other local offices.....	7
Commission's report on local offices.....	7
Legislation needed to establish the merit system.....	7
Consolidation of Lighthouse and Life-Saving Services.....	7
Revenue-Cutter Service.....	7
The consolidation of auditing offices.....	8
The Returns Office.....	10
Government expenses for travel.....	10
Handling and filing of correspondence.....	11
Distribution of Government documents.....	11
Outlines of organization.....	13
Conclusion.....	13

APPENDIX No. 3.—Revenue-Cutter Service of the Department of the Treasury.	Page.
Introduction.....	267
General description of the service, its organization and duties.....	269
Creation of the service.....	270
Duties of the service.....	270
Organization of the service.....	270
Appropriation for the service.....	271
Critical consideration of the service and its activities.....	271
Special character of the service.....	271
Military character of the service.....	271
Consideration of the duties of the service in detail.....	273
Duties of the service as specifically required by law.....	275
Conclusion.....	282
Exhibit 1B. History, organization, and activities of the Revenue-Cutter Service.....	283
Exhibit 2B. History of efforts looking to the transfer of the service from the Treasury Department to the Navy Department.....	285
Exhibit 3B. Compilation of the laws relating to the Revenue-Cutter Service.....	299
Exhibit 4B. Regulations and general orders of the service (included by reference only, as they are readily available in printed form).....	349
Exhibit 5B. Report of the Secretary of the Treasury for the fiscal year 1910 regarding the Revenue-Cutter Service.....	368
Exhibit 6B. Letter of the Secretary of the Treasury giving a statement of the expenditures of the service, fiscal year 1910.....	368
Exhibit 7B. Extract from the legislative, executive, and judicial appropriation act for the fiscal year 1912 making appropriations for the service.....	371

APPENDIX No. 3.—Revenue-Cutter Service—Continued.	Page.
Exhibit 8B. Summary of expenditures of the Revenue-Cutter Service for the fiscal year 1911 (furnished to the Commission on Economy and Efficiency by the Secretary of the Treasury).....	372
Exhibit 9B. Bibliography of the Revenue-Cutter Service.....	373
Communication from Secretary of Commerce and Labor to the President.....	378
Communication from Secretary Meyer to the President, inclosing memorandum.....	381
Communication from Secretary of the Treasury to the President, inclosing memorandum.....	382

*To the Senate and House of Representatives:*

On the 17th of January last I sent a message to the Congress describing the work of the commission appointed by me under authority of the acts of June 25, 1910, and March 3, 1911, granting appropriations to enable me to inquire into the methods of transacting the public business of the various executive departments and other governmental establishments, and to make report as to improved efficiency and greater economy to be obtained in the expenditure of money for the maintenance of the Government. By way of illustrating the utility of the commission and the work which they were engaged upon, I referred to a number of reports which they had filed recommending changes in organization of the departments and bureaus of the Government, the avoidance of duplication of functions and services, and the installation of labor-saving devices and improved office methods. All of the recommendations looked to savings of considerable amounts. With the message of February 5, 1912, I transmitted to the Congress the reports on the centralization of distribution of Government documents, on the use of window envelopes, and on the use of a photographic process for copying records.

A number of the reports of the commission had not then been commented on by the heads of the departments that would be affected by the changes recommended, and therefore I did not feel justified at that time in recommending to the Congress the statutory amendments necessary to carry out the recommendations of the commission. Since then, however, I have received the recommendations of the heads of departments, and I transmit this message for the purpose of expressing my approval of the changes recommended by the commission and of laying before the Congress the reports prepared by the commission.

REVENUE-CUTTER SERVICE.

The report of the commission on the Revenue-Cutter Service (Appendix No. 3) represents a detailed investigation of the history, organization, and activities of this branch of the Government service and its relations to other services. The conclusion is reached that all of the duties now being performed by this service can be performed with equal efficiency by other services and that a great economy will result by having these duties so performed. The commission accordingly recommends that the service be abolished as a distinct organization; that its equipment be distributed among other services requiring the use of marine craft; and that provision be made for the performance of the work now being done by it by such other services. With these fundamental recommendations of the commission I am in full accord, and I recommend that the necessary legislation be enacted to put them into effect.

At the present time the Revenue-Cutter Service is organized as a naval establishment. The country is, in effect, maintaining two

REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY. 9

navies, and is using one of these navies for the performance of duties of a civil character. The maintenance of two separate naval establishments entails unnecessary expense and is not in the interest of either efficiency or economy. In so far as the duties of the Revenue-Cutter Service are of a naval character, or are such as can readily be performed by the regular Naval Establishment, they should be performed by such establishment; in so far as they are of a purely civil character, use should be made of services organized and conducted upon a civil basis.

In respect to the distribution of the equipment and duties of the Revenue-Cutter Service among other branches of the Government, the recommendation of the commission looks to the transfer to the Navy Department of the vessels which are adapted to deep-sea cruising and the discharge by the Naval Establishment of most of the duties now performed by the Revenue-Cutter Service upon the high seas. In memoranda submitted on the report of the commission, copies of which are submitted with such report, on the one hand the Secretary of the Navy raises the question as to whether these duties can be performed by the regular Naval Establishment without detracting from its military efficiency, while on the other hand the Secretary of Commerce and Labor raises the question whether certain of these duties can not be performed by the Lighthouse Service if that service is provided with vessels suitable for the purpose.

In view of these suggestions I recommend that, in the enactment of legislation providing for the abolition of the Revenue-Cutter Service, provision be made for the transfer of all the vessels and equipment of the Revenue-Cutter Service from the Treasury Department to the Department of Commerce and Labor; that the Secretary of Commerce and Labor be directed to assign such vessels and equipment to the Lighthouse Establishment, Bureau of Fisheries, and other services under his jurisdiction requiring the use of vessels, as, in his judgment, is for the best interest of the public service, and that authority be given to him to turn over to the Navy such vessels as he may find, upon investigation, not to be required by his department and which by their character are fitted to serve as useful auxiliaries to the Naval Establishment.

In thus recommending that the Revenue-Cutter Service as a separate establishment be abolished, I desire to make plain that such action does not carry with it the discontinuance of the rendering of any valuable and proper service now being rendered by that organization. On the contrary, I am persuaded that all such services will continue to be performed under the system recommended by me with equal or greater efficiency.

It should be noted that the adoption of the recommendation here made will result in bringing under one general administra-

10 REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY.

tion all of the work of the Government having to do with the protection of life and property at sea. This will result not only in greatly increased efficiency, but in a large saving. The Lighthouse Establishment is compelled by the nature of the work to maintain and operate a large fleet of vessels and supplementary administrative divisions, depots, inspection services, etc., to attend to matters pertaining to their business management. It is thus fully prepared to take over and operate the additional vessels that may be assigned to it and to perform the additional duties with which it may be intrusted at an added expense that will be small in comparison with that now entailed in maintaining an independent service on a military basis.

A further benefit of no little importance that will also be secured will be that of relieving the Department of the Treasury of duties which are in no ways germane to the primary function of that department.

THE WHITE HOUSE, April 4, 1912.

WM. H. TAFT

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## APPENDIX No. 3

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### REVENUE-CUTTER SERVICE OF THE DEPARTMENT OF THE TREASURY

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267

## REVENUE-CUTTER SERVICE OF THE DEPARTMENT OF THE TREASURY.

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NOVEMBER 17, 1911.

**The PRESIDENT:**

The Commission on Economy and Efficiency has the honor to submit the following report in reference to the Revenue-Cutter Service of the Department of the Treasury. Its recommendation in respect to this service is that it be abolished and that the duties now being performed by it be distributed among other existing organizations of the Government.

**INTRODUCTION.**

In the consideration which the commission has given to the organization and activities of the services of the Government having to do with maritime affairs special attention has been given to the Revenue-Cutter Service. After a careful study of the work now being performed by this service the commission is convinced that the service has not a single duty or function that can not be performed by some other existing service, and be performed by the latter at much smaller expense on its part. The commission therefore recommends that the Revenue-Cutter Service as a separate branch of the Government be abolished, and that the duties now being performed and the equipment used by it so far as this may be necessary be distributed among other branches of the Government.<sup>1</sup>

The maintenance of this service at the present time involves an expenditure of approximately two and a half million dollars annually. The commission believes that its abolition as a separately organized branch will result in a direct saving of a large part of this sum; and that, after the work of distributing the duties now being performed by the service among other branches of the Government service is definitely accomplished, the net saving to the Government will be at least \$1,000,000 annually. This economy, it believes, will be effected not at the expense of efficiency, but that, on the contrary, all the duties now being performed by the service will be equally, if not more efficiently, discharged by other services.

The importance of the issue makes it desirable that a full statement of the facts regarding this service be set forth, with the considerations that led the commission to reach its conclusion on the subject. The effort has been made therefore to compile, and to

<sup>1</sup> This recommendation is made at this time for the purpose of laying this important matter before the President at the earliest possible date. The commission believes that before any definite decision is reached the Department of the Treasury, the Department of the Navy, and the Department of Commerce and Labor—the three departments whose interests are most affected by the recommendation—should be furnished with copies of this report, in order that their comments on the facts stated and the conclusions reached may be secured. It is possible that such comments may result in a modification of the recommendation here made. In a way, therefore, the present report must be considered as raising an important issue in definite form and as the statement of the views of the commission as the result of its independent inquiry.

269

present in exhibits to this report, the detailed data regarding the history, organization, and activities, and legal powers and duties of the service, and to reproduce in full all official documents which throw light upon the questions to be considered. Care has been taken to include a full statement of the efforts that were put forth for nearly a century looking to the transfer of the Revenue-Cutter Service from the Treasury Department to the Navy Department. Although these efforts were directed to the accomplishment of a purpose differing materially from the present recommendations of the commission, many of the arguments advanced in favor of and against such transfer have a direct bearing upon the issue now raised.

The commission appreciates that, had it been possible for it to do the work, an intensive investigation of the manner in which the service at the present time conducts its affairs would have been of value in itself, and also would have thrown additional light on the subject of the general status or necessity for the existence of the service. It must be borne in mind, however, that the question raised by the commission's recommendation is not whether the Revenue-Cutter Service is or is not being efficiently operated. It is assumed that it is. The question is a much larger one, namely, whether such a service should be maintained at all as a separately organized branch of the Government. It is believed that the material here assembled furnishes sufficient data for an intelligent consideration of this question.

#### GENERAL DESCRIPTION OF THE SERVICE.—ITS ORGANIZATION AND DUTIES.

The exhibits to this report give an account, in detail, of the history, organization, and activities of the Revenue-Cutter Service, and it is necessary, therefore, to state here only a few facts of general importance.

##### CREATION OF THE SERVICE.

The establishment of a Revenue-Cutter Service was urged by Alexander Hamilton, the first Secretary of the Treasury, in a report to the House of Representatives, dated April 22, 1790. This recommendation was acted upon by Congress and the service was definitely created by act of August 4, 1790.

Although Mr. Hamilton had recommended that the officers of the service "be commissioned officers of the Navy," it was provided in the act of August 4, 1790, that they should "be deemed officers of the customs." Since its creation the service has been under the Department of the Treasury.

##### DUTIES OF THE SERVICE.

Established as a coast patrol to prevent smuggling and assist in the enforcement of the customs laws, the service has had duties successively added until at the present time the duties relate to almost all marine matters over which the Government exercises jurisdiction. The following is an enumeration of the duties as stated in the Official Regulations and in reports made by the service to the commission:

1. Protection of the customs revenue.
2. Cooperation with the Navy.

#### CONCLUSION.

The commission has not thought it necessary to enter into a more elaborate argument in support of its recommendation, since many of the arguments have already been stated with great force by committees of Congress in reporting favorably upon bills looking to the transfer of the service to the Navy Department. Especially is this true of the report made in 1892—the last occasion when a serious effort was made to have this action taken. So clearly is the position of the commission stated that it is believed that the report should be read with care. It states:

The question whether the revenue marine is civil or military, or whether it is more civil than military, is to be found fully considered in the documents to which reference has been made. There can be little doubt that in form and substance all the ships, with their appurtenances and their officers and men, are military in all their substantial characteristics and that their duties are in the main as essentially military as those performed off and along our own ocean coasts by the vessels of the Navy. The 24 armed revenue cutters which cruise outside our harbors could, under the present modern methods of commerce, be entirely dispensed with without seriously affecting the collection of the revenues of the Government or materially impairing any functions necessary to the conduct of the legitimate business of the Treasury Department.

Upon a deliberate review of the whole subject the committee can not avoid the conclusion that the public interests, according to modern conditions affecting both the work which has been performed by the revenue marine and that of the Navy, require the present union on just terms of the two services. We are confronted with the existence of two American navies, one, the larger or principal navy, with 269 guns, 74 ships, 1,316 officers, 8,188 seamen, the other, the smaller or Treasury navy, comprising 62 guns, 34 ships, 220 officers, and 711 seamen. These two navies are essentially alike and completely military in their material characteristics, and, so far as our own 5,700 miles of continental coast line and the 4,700 miles of Alaskan waters are concerned, they are both engaged in time of peace in similar duties, and each would be engaged in the same duties as the other in the time of war.

It is time that this anomaly should end and that both the American navies should, for the purpose of construction, organization, and discipline, be placed under the control and direction of one departmental head, and that should be the military one of the Secretary of the Navy.

For certain duties, and as occasion may arise, the ships and officers and men of the Navy will be detailed by the Navy Department, as they now are, for service according to the needs and direction of the Secretary of the Treasury, the Secretary of War, and the Secretary of State.

The committee believe that in recommending the transfer from this huge and overburdened Treasury Department of the supervision of the naval ships, guns, officers, and seamen the real efficiency of that department in the performance of its legitimate and indispensable work will not be injured, but, indeed, will be largely increased.

In time of peace the Secretary of the Navy can devote more personal attention to promoting the efficiency of the vessels of the revenue marine than can be given by the Secretary of the Treasury. In time of war, necessarily and immediately, the command of the outside cruising revenue cutters passes at once to the Secretary of the Navy. He should therefore in time of peace retain the control of the construction and preservation of such vessels and of the organization and discipline of their officers and seamen.

The subject of the transfer of the revenue cutters to the Navy Department has been under discussion for about 10 years. The facts and arguments are fully before the public. The delay in reaching a decision is exceedingly detrimental to the national interests, and the question should receive an early and decisive settlement at the present session of Congress.

In concluding this report the commission desires again to make it clear that its recommendation is essentially different in purpose from the various efforts made in the past affecting the status of the Revenue-Cutter Service. The recommendation of the commission is

## 284 REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY.

that the service be abolished as a separate service, and that its duties be taken over by other services—not that a transfer of the service in toto be made. The position of the commission is, not that the service as at present organized and conducted should be in one department instead of in another, but that there is no need for such service at all; that the duties performed by it can be performed by other existing services at much less cost.

It has been pointed out that the administrative machinery of the Revenue-Cutter Service now consists of:

1. An office of general administration at Washington.
2. Four district offices at New York, New Orleans, San Francisco, and Port Townsend.
3. A construction and repair station at Baltimore.
4. A depot at Arundel Cove, Md.
5. A general store at San Francisco.
6. A school of instruction with a practice cutter at New London, Conn.

7. Twenty-six cruising cutters.

8. Sixteen harbor cutters, consisting of nine tugs and seven launches.

It is immediately apparent that, with the abolition of the service, all need for the first six of these administrative units or parts will disappear. There being no special service to administer, the office of general administration and the four district offices will not be needed. The Navy Department is already fully equipped to do all construction and repair work, so that there will be no need for the construction and repair station at Baltimore. In the same way the general depots and storehouses of the Navy Department are fully able to meet all demands that will come upon them, so that the depot at Arundel Cove, Md., and the general store at San Francisco can be abandoned. The need for the school of instruction at New London will also cease to exist, since the only real necessity for such a school at the present time is in order to give the officers of the Revenue-Cutter Service instruction in technical military matters, and that instruction the officers of the Navy will receive at the Naval Academy.

In respect to the cruising cutters it is recommended that they be transferred to the Navy Department. When so transferred the commission sees no reason why they can not be incorporated into the general Naval Establishment, and be available for any work to be done by that establishment. This transfer is recommended simply as representing the best disposition that can be made of these vessels. In point of fact, the commission believes that the Navy, with its necessary ships, will be able to do all of the deep-sea cutter work required, with fewer vessels devoted entirely to the duties performed by the Revenue-Cutter Service, than is possible when these duties are performed by a separately organized branch. Further, that the necessity for the construction of additional vessels would be correspondingly decreased. The Naval Establishment will always embrace auxiliary ships, small cruisers, and other vessels that are not up to the required standards of efficiency for war. These can be used for services civil in character, and may be used in a measure to relieve the need for new construction. In the same way it is believed that the necessity for the employment of additional officers and men for the operation of these vessels will be less than if the service were independently operated.

## REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY. 285

If the recommendation of the commission is favorably considered the question will then arise as to the provision that should be made for the existing personnel of the Revenue-Cutter Service, and for the arrangement of the details incident thereto. This is a matter that the commission believes should not be considered by it until knowledge is obtained as to whether it is proposed to carry into execution the action recommended.

FREDERICK A. CLEVELAND,  
*Chairman.*  
W. F. WILLOUGHBY.  
WALTER W. WABWICK.  
FRANK J. GOODNOW.  
HARVEY S. CHASE.  
MERRITT O. CHANCE,  
*Secretary.*

## EXHIBIT 1B.

## HISTORY, ORGANIZATION, AND ACTIVITIES OF THE REVENUE-CUTTER SERVICE.

## CREATION OF THE SERVICE.

The Revenue-Cutter Service is one of the oldest distinct services of the Government. Its creation was urged by Alexander Hamilton, the first Secretary of the Treasury, in a communication addressed to Congress under date of April 22, 1789, and the service itself was established by act of August 4, 1790.

This act provided that the President should be empowered to build and equip "so many boats or cutters, not exceeding 10, as may be necessary to be employed for the protection of the revenue, the expense whereof shall not exceed \$10,000, which shall be paid out of the product of the duties on goods, wares, and merchandise imported into the United States and on the tonnage of ships or vessels." It further made provision for the officers of the boats and their compensation and conferred necessary power upon these officers to board vessels and discharge their duties. The officers were declared to be "officers of the customs." The service was consequently placed under the jurisdiction where it has ever since been.

The subsequent history of the service is largely that of having conferred upon it by law or Executive order the performance of additional duties until its activities at the present time relate to a great many matters. The clearest statement of this history can thus be obtained by tracing step by step the assumption by the service of these additional duties.

## ENFORCEMENT OF CUSTOMS AND TONNAGE DUTIES.

As originally created the service was given but one function to perform—that of assisting in the enforcement of the payment of the customs and tonnage duties. This function still constitutes one of the most important, if not the most important, duty of the service. The

## 378 REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY.

5. Reply of general superintendent to memorandum of committee, April 21, 1911.
- This report, though relating primarily to the Life-Saving Service, contains valuable information bearing upon the relations between that service and the Revenue-Cutter Service.
44. Hamilton's Works. 7 vols. Vol. IV. N. Y. C., 1850.
- Contains, on page 46, a report on Hamilton's inquiry into size, cost, and estimate of immediate need of vessels. Report is in form of a letter to President, dated September 10, 1790.
45. Revenue-Cutter Service, report on the. Gallatin, A. 4 pp. 10th Cong., 2d sess., Ex. Docs. (Dec. 2). Wash., 1808.
46. Our Coast Guard. Ross, W. C. Harper's New Monthly. Nov., 1896.
- Gives history of origin and growth of service, its aims and duties.
47. United States Revenue-Cutter Service in the War with Spain. 49 pp. G. P. O. Wash., 1899.
48. School of Instruction of the United States Revenue-Cutter Service. 12 pp. G. P. O. Wash., 1905.

DEPARTMENT OF COMMERCE AND LABOR,  
*Washington, January 10, 1912.*

SIR: I have the honor to return herewith the report of the Committee on Economy and Efficiency relating to the Revenue-Cutter Service of the Treasury Department, transmitted with your letter of the 27th ultimo.

The Department of Commerce and Labor, for the enforcement of various laws, needs vessels outside of its own fleet (46 seagoing lighthouse tenders, 64 light vessels, 18 seagoing Coast and Geodetic Survey vessels, and 5 seagoing Fisheries vessels), and it has been customary to use some of the 45 vessels of the Revenue-Cutter Service.

The navigation laws (including steamboat-inspection laws, anchorages, St. Marys River, motor-boat law, rules to prevent collisions, regatta regulations, etc.) are, with rare exceptions, enforced on the waters within territorial limits and on relatively smooth water. Armed seagoing revenue cutters are not particularly adapted to these purposes, and as a rule better results may be secured by the use of smaller and less expensive vessels. The department's six months' experience with an appropriation of \$15,000 has confirmed this opinion.

Seagoing vessels of the Revenue-Cutter types are, however, needed to enforce the laws for the protection of the seal fisheries and similar duties in Bering Sea. It is, of course, of no consequence to this department whether these vessels so employed are attached to the Treasury Department or to the Navy Department. In fact, there would be some plain advantages in having vessels for these purposes attached directly to the Department of Commerce and Labor and administered together with the larger fleet already under its control.

Patrol of coast waters to aid vessels in distress is closely allied to the purposes for which the Life-Saving and Lighthouse Services are established. In fact, the regular work of lighthouse tenders requires them to move constantly along the coasts. In so far as the Revenue-

## REPORTS OF THE COMMISSION ON ECONOMY AND EFFICIENCY. 379

Cutter Service engages in this work a better result would probably be secured if the three services were under one general administrative direction.

Respectfully,

CHARLES NAGEL,  
*Secretary.*

THE PRESIDENT,  
*The White House.*

55270-N.] DEPARTMENT OF COMMERCE AND LABOR,  
*Washington, January 10, 1912.*

ECONOMY AND EFFICIENCY REPORT ABOLITION OF REVENUE-CUTTER SERVICE.

The Department of Commerce and Labor needs vessels to enforce various laws, and outside of its own fleet (46 seagoing lighthouse tenders, 64 light vessels, 18 seagoing Coast and Geodetic Survey vessels, and 5 seagoing Fisheries vessels) it uses for convenience some of the 45 vessels of the Revenue-Cutter Service.

1. The navigation laws (including steamboat-inspection laws, anchorages, St. Marys River, motor-boat law, rules to prevent collisions, regatta regulations, etc.), are enforced on the water with rare exceptions within territorial limits and on relatively smooth water. Armed seagoing revenue cutters are not adapted to these purposes, and better results may be secured much more generally by the use of smaller and much less expensive vessels. The department's six months' experience with an appropriation of \$15,000 has demonstrated these facts.

2. Seagoing vessels of revenue-cutter types are needed to enforce laws for the protection of the seal fisheries and similar duties in Bering Sea. It matters little to this department whether the vessels thus employed are attached nominally to the Treasury or Navy Departments. There are some plain advantages in having vessels for these purposes attached directly to the Department of Commerce and Labor, and administered together with the larger fleet already under its control.

3. Patrol of coast waters to aid vessels in distress is allied to the purposes for which the Life-Saving and Lighthouse Services are established—in fact the regular work of lighthouse tenders requires them constantly to move along the coasts. In so far as the Revenue-Cutter Service engages in this work, its energies probably would be more effective if the three services were under one general administrative direction.

FEBRUARY 8, 1912.

MY DEAR MR. PRESIDENT:

I have your letter of January 23 with the draft of the general report on the Revenue-Cutter Service. In the main I shall be compelled to restate the conclusions which are contained in my earlier letter of January 10, but perhaps I may be permitted to express my views upon the general recommendation of the commission more fully.

With the conclusions reached by the commission I agree. It is apparent that the conditions which gave rise to the organization of the Revenue-Cutter Service have practically ceased to exist. It is equally clear that the duties which have since then been added to this service are such that they can be more advantageously distributed among the several departments which are peculiarly charged with them.

Assuming, therefore, that at the present time there is no sufficient reason for the continuance of the Revenue-Cutter Service as a separate organization, the immediate question is, How shall the distribution be had? To my mind the argument of the commission for the transfer of the cruising cutters to the Navy is conclusive. Such a change would make for economy and, as I see it, for efficiency. I do not believe that the proposed transfer would in any measure embarrass other departments that have enjoyed the assistance of the Revenue-Cutter Service. In so far as such assistance continues to be necessary, it can be rendered by assignment from the Navy just as promptly and satisfactorily as is true now.

The Department of Commerce and Labor, as was stated in my earlier letter, has had comparatively little use for seagoing vessels. Such use has been limited substantially to Bering Sea, and even in those waters to the protection of the seal herds. It appears to me that such protection can be given by the revenue cutters if they are under the control of the Navy just as satisfactorily as has so far been done.

As was stated in my earlier letter, the navigation laws, including steamboat-inspection laws, anchorages, St. Mary's River, motor-boat laws, rules to prevent collisions, regatta regulations, etc., are, with rare exceptions, in force on the waters within territorial limits, and on relatively smooth water. As a general rule, this service can be more satisfactorily entrusted to the smaller and less expensive vessels, and the Department would really have very little, if any, use for revenue cutters in this service provided the smaller craft is supplied.

The patrol of coast waters to aid vessels in distress, to my mind, presents the most difficult question. It is my impression that some revenue cutters should be reserved for this service, and it does not appear to me that such revenue cutters should be under the control of the Navy. On the contrary, I am of the opinion that such service is closely allied with the Lighthouse and Life-Saving Services, and should be consolidated with them. I can see no sufficient reason why the Lighthouse Service and the Life-Saving Service should not be combined. In my judgment, such a consolidation would make for economy and efficiency, and if it is had, I think a number of revenue cutters should be connected with that service. It is true that our lighthouse tenders constantly move along the coast and may be trusted to do a considerable part of this work, but it is also true that these tenders are required to make their trips at stated times, to reach certain points at given dates, and that this regular service may not hold them sufficiently free to meet conditions resulting from the dangers of the sea. In my judgment, it would be advisable, therefore, to retain a few revenue cutters so that they may be free to patrol the coast waters and to render such service in connection with navigation, steamboat inspection, etc., as may be called for. In

other words, I would be in favor of making experiments under the revised plan in order that the details of the system may be worked out in the light of actual experience.

Very sincerely, yours,

CHARLES NAGEL,  
Secretary.

The PRESIDENT,  
The White House.

FEBRUARY 7, 1912.

SIR: In reply to your letter of January 22, regarding the Revenue-Cutter Service, I have the honor to inclose a memorandum which gives the department's views on this subject.

Respectfully,

G. V. L. MEYER.

The PRESIDENT,  
The White House.

FEBRUARY 7, 1912.

(Memorandum: Subject: Report of Cleveland Economy Board upon the Abolishment of the Revenue-Cutter Service.)

The functions of the two services are not similar (see p. 10); the chief function of the Navy is the preparation and maintenance of the personnel and matériel in readiness for war; a further function is the protection of American citizens and property in foreign countries.

The chief functions of the Revenue-Cutter Service on the high seas are—

- (1) The assistance of vessels in distress.
- (2) The protection of seal fisheries and sea-otter hunting grounds.
- (3) The destruction of derelicts at sea.

It is not believed that the personnel of the Revenue-Cutter Service can aid in the maintenance of the fleet in its readiness for war and it is doubtful if the Navy Department would wish to intrust it with the handling of delicate diplomatic questions constantly arising in Central America, the West Indies, and elsewhere.

It is true that the chief functions of the Revenue-Cutter Service can be performed by the Navy, but this can not be done as stated in the Cleveland report (p. 13) in the regular performance of their military duties. All duties which interfere with the training of the personnel for war are irregular and in a degree detrimental to the efficiency of the fleet.

We agree with the report of the board that it would be economy to abolish the Revenue-Cutter Service as a separate branch of the Government. It is believed that certain duties now performed by that service of a maritime nature could be provided for by the Navy. It is not believed to be to the best interests of the Navy or of the Government to transfer the personnel of the Revenue Marine to the Navy.

The naval service has had its efficiency affected in the past by the conflicting interests of the various corps upon the subject of rights, pay, precedence, division of duties, privileges, etc. It has made great progress recently in overcoming these adverse conditions and in establishing a harmonious personnel, realizing a harmonious personnel is just as important as a homogeneous fleet.

There are in the Revenue-Cutter Service 390 officers and cadets and it is believed that the difficulties of transferring them to the personnel of the naval service would accentuate the conditions referred to above to an unfortunate degree. Such a transfer would be of no possible advantage to the Navy, but a serious menace to the harmony of the personnel.

If, however, it should be decided that the Revenue-Cutter Service is to be abolished and the Navy required to take up a portion of its work, it would seem imperative that the vessels of the Revenue Marine be transferred to the Navy, which is already suffering from an insufficient number of small vessels. The enlisted personnel could readily be absorbed in the Navy, the total enlisted strength of the latter being permanently increased by the number so absorbed. The question of the amalgamation of the commissioned and warrant personnel present greater difficulties and is one which can best be solved by a joint board of officers of the two services. In this connection it is proper to note the ratio existing in the Revenue-Cutter Service between the numbers of officers and of men. There are 360 commissioned and warrant officers and 1,390 in the enlisted force, a ratio of 1 to 4; in the Navy the ratio is 1 officer to about 16 men.



TREASURY DEPARTMENT,  
Washington, February 26, 1912.

DEAR MR. PRESIDENT:

The recommendation to abolish the Revenue-Cutter Service made to you by the Commission on Economy and Efficiency came out of a clear sky. No one connected with the service or with the Treasury Department, with which the service has been connected from the beginning in 1790, knew that the project was being considered. And it never had been considered before. It had been suggested a good while ago that the Revenue-Cutter Service should be transferred to the Navy Department; but the thought of abolishing it is new, and the recommendation by the commission has been keenly felt by the revenue-cutter officers and men. It came at a time when the service was performing conspicuous and heroic work and when its fit equipment and its high usefulness were in immediate and conspicuous evidence.

The reception given the suggestion of the commission by the press and by the public was a salve to the wounded pride of the officers and men. The subject at once arrested public attention, and no newspaper, no commercial organization, and no individual in Washington or throughout the country, so far as I am advised, has approved the suggestion.

I send herewith, as a part of my review, a memorandum of the captain commandant, written after a most careful consideration of the commission's report by himself and by his bureau. And I also ask that a printed copy of a short speech I made at Newport News on February 10, at the time of the launching of two revenue cutters, be made a part.

And I beg to state in addition a few considerations, as follows:

1. The Revenue-Cutter Service has at no time since it was established by Alexander Hamilton in 1790 been less than highly efficient and indispensable. It, however, has constantly grown in both these respects, though the work which it was originally organized to perform has largely diminished and in some instances has passed out entirely. The growth of the Government and the country has so added to the original duties that the work of the Revenue-Cutter Service is more important than ever before. And, on the other hand, the long period of training, discipline, tradition, and esprit has done what it should have done—made the service more and more efficient and more and more honorable and distinguished.

To abolish a service with such a record and such present significance would be unprecedented. If the occupations of the service were no longer sufficient, or if its efficiency and discipline and esprit de corps had diminished, it would be one thing. But all of these features are at their best to-day, and the service is at the highest point of its 120 years.

2. A tendency to think a service is misplaced if it does not exclusively act for a single department is evident in this recommendation, though it is at the same time proposed to have the Navy Department do the same work, even more largely, for other departments, including the Treasury. No department can or should be complete within itself, nor even homogeneous, nor contained within impassable outlines. Nor is it possible or desirable that no two departments shall do the same sort of work under any circumstances. I came to Washington with a different notion, and it has taken three

years to sufficiently modify it. There are a few cases where a consolidation or amalgamation of two or more bureaus or services could be properly made, and there are certain activities less than bureaus that could be differently affiliated; but that there is a wholesale opportunity for this kind of reorganization I am convinced, from my study of the subject, is not true.

Moreover, it isn't possible to have the departments homogeneous unless you largely multiply the number of departments. The newest department—Commerce and Labor—constructed with the idea of homogeneity, is as heterogeneous as any department in the Government.

However, this is not a question of the transfer of the Revenue-Cutter Service from the Treasury Department to some other department, but the question of its abolition. There is, nevertheless, in the suggestion, no doubt, the influence of this idea of changing activities from one department to another in the hopeless quest of absolute homogeneity. And it is therefore worth while to call attention to the fact that the astonishing success of the Revenue-Cutter Service and the maintenance and development of its valuable military character have all taken place in the Treasury Department. And it is scarcely possible to imagine that the service could have been better under other relationships than it has been, or that, if differently placed, it could be better now than it is. Then, one may ask, Why bother or take up time over a service as highly developed as this, and which in this present administration is continuing to devotedly improve itself, and which is perfectly happy in its relationships and environment?

3. The question of economy, which was the occasion of the recommendation, is not treated by the commission with any detail or even with any exact calculations. Only general expectations of savings are expressed. In point of fact, there would be no hope of any economy. The captain commandant claims, on the basis of careful study and calculation, that it would cost about 50 per cent more to do the work through other departments. And I think his calculations are correct. Certainly the abstract argument—apart from the recorded and official statistics—would distinctly be that the disintegration of the service and its division among various departments would necessarily add to the expense if all the work were performed. It would be a scattered administration instead of a concentrated one. And scattered administration is almost necessarily more expensive than concentrated and centrally organized administration.

In this case, particularly, nothing could be gained by transferring and dividing up the various activities now concentrated in this one organization. We can not, for example, say that the Navy Department is now overstocked with more vessels than it needs, and more officers and men than it needs. It can not be said that there is a great lot of slack in the Navy Department which could be taken up and applied to duties other than those which the department is now performing. I take it that the Navy Department would very properly resent the claim that it has a surplusage of men or vessels, with which it could undertake such additional active lines of duty as this of the Revenue-Cutter Service without increasing its expenditures. If the Navy Department said any such thing, it would be a confession that it is now pursuing a wasteful policy, and that it is

oversupplied with vessels and with men and officers. But it is notorious that this is not true. It is notorious that the Navy needs more vessels, large and small alike, and more men and more officers. And it is clear that it is in no position to take over the duties of the Revenue-Cutter Service without as much new equipment as the Treasury Department has. And it is clear that it would cost the Navy Department a largely increased amount to administer the work in times of peace, and that the work would be liable to be suspended in time of war.

You will have noted that the whole cost of the Revenue-Cutter Service is only \$2,500,000 a year; and aside from all of its other usefulness it actually saves in money from the disasters of the sea several times as much as it costs. And it saves on the average of 50 lives a year in addition. And I fancy there is no service of the Government that is conducted with more painstaking and successful economy.

4. Moreover, the work of the officers and men of the Navy has no relation to the work of the Revenue-Cutter Service. The Navy is fully occupied with its own development and training—with perfecting its personnel, its practice, and its equipment. No one is dissatisfied with how the Navy is occupying itself, and no one thinks it can work more advantageously than it is already working, and no one wishes to divert it at this time from its purely naval occupations.

In addition, the Navy could never give the kind and degree of attention that is required of the Revenue-Cutter Service and of its officers and men trained in their particular duties for 120 years. The work is alien to the work of the Navy, alien to the spirit of the Navy, and alien, I think, to its professional capacities and instincts—alien certainly to its training and to its tastes.

5. A word as to the relations of the Revenue-Cutter Service and the Life-Saving Service. The commission has had to approach this relationship from the outside. I have studied it considerably from the inside; and so did Assistant Secretary Hilles, and so has Assistant Secretary Bailey. And everybody who has studied it in the Treasury Department within my time is convinced that the Revenue-Cutter Service should have more connection with the Life-Saving Service, rather than less; and that it furnishes exactly that training, with its military precision and its military esprit, that this remarkable Life-Saving Service needs. And it is the relation existing from the beginning between the Life-Saving Service and the Revenue-Cutter Service that has done very much to make the Life-Saving Service the conspicuous, successful, and heroic thing that it is. To disassociate the Life-Saving Service and the Revenue-Cutter Service would be disastrous. We have been working to secure a closer relationship between the two services; and that is the line of progress: that is the line of development. I say this without any hesitation or doubt whatever. It would be the greatest mistake in the world to add any further separation between these two great services. Indeed, I think it might be very well a little later to make the Life-Saving Service a part of the Revenue-Cutter Service, and I believe that will be done.

6. The notion that the military character of the Revenue-Cutter Service is inappropriate to a civil department is, of course, a misconception. In the first place, all governments have civil heads; and

the mere existence of a military training or system in any branch of the public service does not render it necessary to have a general or an admiral at the head of the government. In point of fact, there are no generals or admirals at the head of our Government. The President is a civilian. The governors of States are civilians. Yet the President and the governors all have military forces under them. The mayors of cities introduce into their police and fire departments every bit of military discipline and esprit they can get in. But more noticeable still is the fact that the Secretary of War and the Secretary of the Navy are just as much civilians as the Secretary of the Treasury.

Moreover, the Treasury Department has other branches with military quality. The Life-Saving Service itself has all of the military character we have been able to get into it so far; and the Public Health and Marine-Hospital Service is on a military footing. And it is the fact that these three important services, with their military basis and instinct, have not only always been associated with the peaceful Treasury Department, but are among the most conspicuously successful and admired branches of the Federal Government—and among those branches which the public most approves and trusts.

There is no end to what I could say on this subject. But I am sure I have already said more than is necessary.

Very sincerely, yours,

FRANKLIN MACVEAGH.

The PRESIDENT.

ADDRESS DELIVERED BY THE HON. FRANKLIN MACVEAGH, SECRETARY OF THE TREASURY, AT NEWPORT NEWS, VA., FEBRUARY 10, 1912, ON THE OCCASION OF THE LAUNCHING OF THE REVENUE-CUTTERS "UNALGA" AND "MIAMI."

WHY IS THERE A REVENUE-CUTTER SERVICE. WHAT DOES IT DO, AND WHY IS THE GOVERNMENT TO-DAY LAUNCHING THESE TWO NEW ABLE VESSELS TO ADD TO ITS FLEET?

These are questions which naturally arise on this very interesting occasion; and to answer them we need only to refer to the distinguished history of the service and its remarkable performances.

Looking backward we see that this service—"The strong right arm of the Treasury," as it has been termed—owes its existence to that far-seeing statesman, Alexander Hamilton, the first Secretary of the Treasury, upon whose recommendation the First Congress, in its second session, enacted the law which created the Revenue-Cutter Service, in the year 1790. This parentage alone places it among the honored and the time-honored institutions of the Government.

It is thus seen to be one of the oldest ~~distinct~~ branches of the Government. It was founded to perform dual functions—functions of peace and functions of war—for it must be remembered that there was no regular naval establishment when the Revenue-Cutter Service was founded. And ever since and to this present day this service has continued along these dual lines of duty. Its first duties of a peaceful nature were primarily to prevent smuggling and to enforce the customs laws; since then like duties have been successively added until to-day the activities of this Revenue-Cutter Service relate to

almost all maritime matters over which the General Government exercises jurisdiction.

The fundamental function of all the armed branches of the Government in time of war is to fight the Nation's battles either on sea or on land. In this rôle the Revenue-Cutter Service has taken an active and conspicuous part. There has been no war on the seas in which these small vessels have not participated. It must be borne in mind that such wars are not confined to combats between fleets of battleships. True, such combats furnish the chief and the spectacular parts of the conflict. But it is quite essential that the enemy's ports shall be blockaded, his merchant marine captured and destroyed, that troopships shall be convoyed, and that towns remote from scenes of battle shall be guarded from marauding privateers. In these functions the "little fellow" plays quite as active a part as his more imposing and formidable brethren. In the War of 1812, in the Paraguayan expedition, in the Civil War, and in the Spanish-American War the cutters have been engaged and have rendered good accounts of themselves. Looking backward to our most recent conflict, most of us will remember that it was a revenue cutter, the *McCulloch*, which carried the first news of Dewey's victory to a waiting and anxious world; and many of us will recall the interesting fact that the blockade of the entire north coast of Cuba was for about a month maintained entirely by the fleet of revenue cutters, as the larger ships of the Navy had to be withdrawn to prepare for the attack of the Spanish fleet. Nor is it likely to be soon forgotten that the rescue of the torpedo boat *Winslow*, lying disabled and helpless under the murderous fire of the forts at Cardenas, was made by the little revenue cutter *Hudson*, a vessel less than one-third as large as those vessels we have launched here to-day. For this brave act I am happy to say her commanding officer was awarded the only gold medal given by Congress to anyone taking part in that war.

But peace hath her victories no less renowned than war. And while the Revenue-Cutter Service performs as much fighting service in proportion to the amount invested as any other equal number of men in either the Army or Navy it is the peaceful victories and achievements of the service which appeal strongest to the people. The honor and distinction of these extraordinary services the revenue cutters share with no other force. Her honorable place in peace she holds alone.

Many of the duties which this service performs in times of peace have to do with the devoted and gallant rescue, in stress and storm, of helpless vessels in distress. Other duties are connected with the enforcement of the laws applicable to the merchant marine and protection both of its rights and obligations. It is easy to understand that the military training which its personnel receives fits them splendidly for the emergent—the immediate—character of these more peaceful duties; and one of the greatest attributes of the service is the promptness and alacrity with which it responds to all calls for assistance from whatever quarter or at whatever moment they come. The wireless message is scarcely more prompt than the revenue cutter's response. To illustrate the celerity with which the revenue cutters have in the recent past responded to the calls of the distressed at sea, let me note a few conspicuous and dramatic instances.

In 1882 the Navy sent the *Rogers* as a relief ship to search for the ill-fated *Jeanette*, lost in the Arctic waters. The fate of the *Jeanette* befell the *Rogers*, and as the Navy had no other vessel to send to her relief an appeal was made to the Treasury Department for the revenue cutter *Corwin*. That vessel was undergoing repairs, but was made ready in a brief three weeks for this daring and successful trip—successful, I say—for inside of two months the *Corwin* had rescued the entire party from the ice fields of the Arctic Ocean and brought them safely to San Francisco.

Again, there was that wonderfully prompt, effective, and fortunate rescue of the crews of the Arctic whaleships in 1897.

In the fall of 1897 word was received that eight whaleships had been wrecked in the Arctic Ocean off Point Barrow, and that their crews of 265 men were in imminent danger of starvation. Immediate action was necessary, for at the best it did not seem as if relief could reach them until the following spring. President McKinley, in the great kindness of his heart, was sorely tried as how best to furnish succor to the shipwrecked men. He called in heads of departments for consultation; and the President's sore problem was solved when the Secretary of the Treasury promised him that a revenue cutter would be dispatched to the Arctic within 10 days, and that not even an additional appropriation would be necessary. All know now with what success the Revenue-Cutter Service performed that hazardous duty; and if anyone here does not know, I covet the pleasure of telling him that our Capt. Commandant Berthoff was one of the three chosen from those who quickly volunteered their services and was, therefore, one of the three Revenue-Cutter men who added their names to the most select list of the heroes of our country.

Then, on January 23, 1909, the sinking steamer *Republic* sent out the now famous "C. Q. D." signal of distress: the wireless operator on the cutter *Gresham*, then at anchor in Provincetown Harbor, heard it, and within eight minutes' time she was under way in a dense fog, driving at full speed to the rescue of the distressed *Republic*. She was the first vessel to arrive on the scene of the disaster, although being compelled to steam through the fog for a distance of over 150 miles. All will remember that it was this vessel which had the distinction of picking up the valiant commander of the *Republic* from the water just after his vessel had gone beneath the waves. The commander of the *Gresham*, who didn't wait an avoidable minute to be on his way to that celebrated relief, was Capt. Perry. And no gathering of Revenue-Cutter officers ever leaves a speaker without the men before him to illustrate his instances of American high devotion, of American high courage.

Only within the past month word came that there were 30 American fishing vessels imprisoned in the ice on the bleak Newfoundland coast, 850 miles from the nearest revenue cutter. Orders were immediately issued to the *Androscooggin* to undertake the difficult task of getting to the latitude of Labrador in midwinter, and the captain's telegraphic acknowledgment came the same afternoon, announcing that his vessel would sail at once. This trip was successfully performed and adds another remarkable page to the singularly fortunate and manful achievements of this ancient and honorable service.

But what is the sum of its usual and customary activities? It saves an average of 50 human lives each year. Who shall appraise the value of that work alone!

It saves marine property from the perils of the sea amounting to from \$6,000,000 to \$10,000,000 every year, whereas the total cost of this service to the Government is less than \$2,500,000.

It enforces the navigation laws, immigration laws, neutrality laws, and when necessary suppresses mutiny and lawlessness on merchant ships.

Each year it destroys or recovers an average of more than 20 derelicts, which otherwise would drift about in the paths of our coastwise traffic, a constant menace to shipping.

Does one ever hear these days of smuggling in bulk, save in a few remote places? Were it not for the revenue cutters constantly patrolling our coasts it is not unreasonable to suppose that large amounts of goods would enter in the easiest way. And that, I am bound to admit, is not through the customhouse.

It has turned intercollegiate regattas, international yacht races, and similar great aquatic events from disorderly marine rabbles into quiet and orderly proceedings, where everyone may witness the events and be reasonably sure that life will not be endangered in the mad scramble for the points of vantage.

It has fostered the Life-Saving Service, and has assisted most efficiently the able men of that highly honored service in making it what it unquestionably is—the model life-saving service of the world.

To-day, and since its purchase, it is and has been the marine guardian of the rich territory of Alaska. It has protected the seal rookeries from devastation and has carried food and medicine to thousands of starving natives and shipwrecked whalers and fishermen. It carries the law to the remote places of that remote and immense land, and is the only arm of the Government that ever reaches three-fourths of the enormous coast line of that important territory.

It has enforced the marine quarantine regulations in every epidemic that has broken out in the coastwise cities. In the yellow-fever outbreak in 1905 along the shores of the Gulf, the Revenue-Cutter Service had five vessels constantly on patrol, and completely prevented the spread of the scourge, so far as water communication was concerned. So that the work of this distinguished—this "ancient and honorable"—service is as multifarious as it is efficient. It is wonderful it can do so many and such important things; but it has the traditions that make men strong and fine. Alexander Hamilton did well when he, the greatest of our practical statesmen, established—and established for all time—this wonderful valuable arm of the Government.

The various activities of the Government follow natural lines of demarcation rather than the artificial lines drawn by the several departments. Therefore, when there is an insufficient amount of maritime work in any particular department to warrant the maintenance of a well-equipped maritime service of its own, it has this work done by the Revenue-Cutter Service. And thus this service is called upon to perform duties for nearly all the great departments of the Government, and in its entirety this organization represents a concentration of governmental maritime functions. So that though it has always remained a part of the great Treasury Department, as Hamilton ordered, it really belongs to all the departments, and in its work, both in war and in peace, is as broad as the Government itself. It has an individuality—a personality it may almost be said—born

of the traditions of over a century's remarkable and intense experience. The officers and men of this service are proud of it; proud of its history; proud of its over 120 years of achievement; and they have a right to be. The Treasury Department is proud of this service, and it has a right to be. The whole Government is proud of it, and has a right to be. And the people are proud of it—the people know well that they have a right to be proud of it. For in the course of the years it has come to be one of the most beneficent governmental agencies in the world. With the changing times this service, while always enlarging its useful duties to the Government in peace and war, has also become a protector of the helpless of the seas. This ever-alert fleet is the ever-vigilant friend and defender of those for whom there is no other help; and no more fearless vessels and no more gallant men ever patrolled the oceans in any part of the world. They are an honor to their country. They carry their lives in their hands; and when they are at rest in a harbor they stand at attention—listening for the cries for help.

My friends, wherever a man sees a revenue cutter he ought to take off his hat to it.

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 TREASURY DEPARTMENT,  
 OFFICE OF THE SECRETARY,  
 DIVISION OF REVENUE-CUTTER SERVICE,  
 Washington, February 17, 1912.

SIR: I have the honor to present the following comments upon the report on the Revenue-Cutter Service submitted to the President by the Commission on Economy and Efficiency under date of November 17, 1911, and handed to me January 16, 1912.

As the recommendation to abolish the Revenue-Cutter Service and distribute its duties among other branches of the Government is made, as stated, simply "for the purpose of laying this important matter before the President" and "raising an important issue in definite form," and will doubtless be modified as the result of a proper discussion and consideration of the subject, it would seem quite necessary to examine somewhat thoroughly into the organization, equipment, functions, and cost of the service, and the matter naturally presents itself under the following general heads:

1. The functions and duties of the Revenue-Cutter Service.
2. Are they performed economically and efficiently by its present organization?
3. Can they be performed by the existing equipment of other departments?
4. If not, will there be a saving in expense or increase in efficiency, or both, if the duties and equipment of the Revenue-Cutter Service were distributed among the several departments?

#### 1. FUNCTIONS AND DUTIES.

The Revenue-Cutter Service was originally established in 1790, at the second session of the First Congress, upon the recommendation of the first Secretary of the Treasury, as the result of the need for the services of a coast patrol for the enforcement of the customs laws and an organized armed force for the protection of the seacoast—there being at that time no Naval Establishment. By evolutionary

processes coincident with the steady growth of the Nation, duties have been successively added to this service to meet the ever increasing demands of the maritime interests in so far as they are connected with governmental functions. All governmental activities have increased by the same processes so that to-day there are nine great departments of the Government, whereas at the beginning there were but three. This increase in the number of the departmental divisions of the public service was made more on account of the greater volume of the work to be performed than from what might be termed the natural divisions of governmental work, such, for example, as the natural division of the work on the land and the work on the sea. Therefore it followed that additional duties on the seas were quite appropriately assigned to and performed by the Revenue-Cutter Service, as the necessity for them arose, regardless of the artificial governmental division or department under which this need was made apparent. And there being an insufficient amount of such maritime work in each of the several departments to warrant the maintenance of a separate service by each, it was most natural from an economical and business standpoint to have them all performed by an established organization. This fact in itself constitutes a legitimate and logical field of activity, and here we have that centralization, specialization and coordination which experience has amply proved to be the very elements of economy and efficiency. And these things have produced the Revenue-Cutter Service at it exists to-day, a compact and efficient organization—an emergency service—specializing in the performance of governmental maritime duties. In addition to its functions under the Treasury Department, quite logically the service is called upon by, and accomplishes work of this character for a number of the other departments, notably the Department of Commerce and Labor, the Department of the Interior, the Department of Justice, and—in a limited degree due to limited needs—for the Department of Agriculture.

Its emergent and principal duties in time of peace, those of saving life and assisting distressed vessels at sea, are what might be classed as general governmental functions, belonging as much to the Treasury Department as any other; in fact such duties belong to the Revenue-Cutter Service whether the law specifically states so or not, as in the process of governmental evolution they quite naturally fell to this organization as the need for them developed, and have always been performed by it. The destruction of derelicts comes under this general class, only in this particular duty Congress directed specifically that it should be performed by the Revenue-Cutter Service, because another department had previously been charged with that duty and failed to perform it in a manner satisfactory to the maritime and commercial interests of the country.

A number of other duties assigned to this service, such as the enforcement of navigation laws, the patrolling or policing of regattas, the enforcement of anchorage laws, the enforcement of quarantine laws, and the patrol of the Bering Sea for the protection of the fur seal industry, might be classified as intermittent duties, and, from an economical standpoint, fit in most efficiently with the principal duties above enumerated.

For example, the greater part of the work of saving life and property on the sea occurs in the stormy winter months. During

periods of good weather in the winter the cutters board and examine vessels and otherwise enforce navigation laws. In the summer months occur the great regattas and marine parades which have to be regulated and patrolled; the Bering Sea policing—due to the habits of the seals—is only necessary during the months from May to October. The annual cruise of one vessel along the coast of Alaska, in the interests of the Department of Justice, is practicable only in the summer months, and the same is true of the cruise made by another vessel to the far North, serving the interests of several departments—the Treasury, Commerce and Labor, Interior, and Justice. Nine-tenths of the 110,000 and over motor boats which must be kept under Government surveillance are used only during the summer months. The service of a first-class cutter to police the distant islands beyond the Hawaiian Group—at the request of the Department of Agriculture—for the purpose of protecting the bird reserves and preventing encroachment by Japanese poachers is also what may be termed an intermittent duty that fits in well with the other duties of that vessel, and on these cruises the customs laws and navigation laws are enforced as occasions serve, and calls for assistance from vessels and people in distress are always responded to, no matter what other duty the vessel is specially charged with.

On pages 17 and 18 of the report (manuscript) the commission seems inclined to believe there is little if any real need for an armed patrol for the prevention of smuggling. It is true this form of lawlessness—smuggling in bulk—is not common, but this fact is direct evidence of the high state of efficiency in which the Revenue-Cutter Service has been and is being maintained, and is the result of the accumulated deterrent effect of years of vigilant patrol. Lawlessness in any guise and in any locality is kept in check only by physical force or the presence of such force, and it is clear that without an armed coast patrol smuggling would soon spring into existence along our many miles of seacoast.

During all periods of the year and at such times as least to interfere with the emergent duties of a civil nature, a rigid system of military discipline and training is maintained to fit the personnel for cooperation with the Navy in time of war, as the law requires. This function of the services has always been of value, since in all wars to which the United States has been a party the Government has had at hand a naval auxiliary force properly disciplined and trained ready to become a part of the regular naval forces simply by the issuance of an Executive order. And it is by means of such drills, training, and discipline that the service is enabled to maintain its ships and personnel in that state of preparedness necessary for the prompt performance of its most important civil duties, which, as has been stated, are largely of an emergent character. With the foregoing general outline of the activities and functions of the Revenue-Cutter Service, the second heading will be taken up.

## 2. ARE THEY PERFORMED ECONOMICALLY AND EFFICIENTLY BY ITS PRESENT ORGANIZATION?

This point was not raised by the commission, it having stated that lack of time prevented an intensive examination, but for their purposes they assumed that it was. Economy and efficiency mean, generally, a maximum of results for the minimum of expenditures. All

investments are judged by the dividends paid, so the investment which the Government makes annually in the maintenance of the Revenue-Cutter Service should be appraised in connection with its output. From the great variety of the beneficial acts rendered by this service to the public interests it is naturally quite difficult to make appraisals in statistical form. But, as before stated, the most important of these numerous outputs is the value of the marine property succored. Even in this it is not possible to make a direct comparison, as no similar organization exists under governmental, or forsooth, under private organization. As a test, however, of efficiency and economy, comparison can be made as to the relative cost of the maintenance of the service in proportion to the value of marine property saved during certain periods, as for instance, the last four fiscal years 1908 to 1911, inclusive, with the corresponding period, a decade ago, of the four years 1898 to 1901. From this comparison the official statistics show that from 1898 to 1901, an investment of \$1 in the Revenue-Cutter Service was instrumental in saving \$2.39 of marine property, and that for the past four fiscal years, 1908 to 1911, an investment of \$1 saved \$4.43 of the floating property belonging to the public. This clearly indicates that the Revenue-Cutter Service, as at present organized and administered, is progressively economical and efficient. If further evidence were needed, recourse to the files of the department will show hundreds of commendatory letters from shipowners and masters, maritime organizations, etc., wherein frequent references are made to the invaluable aid to commerce given by this service. The attitude of the public press should also be taken into account in appraising the efficiency of a public service of any character, as it is through that medium largely that an expression of the appreciation or nonappreciation, as the case may be, of what is after all the controlling element, the public, can be determined. It is believed that no other branch of the public service receives more commendation and less criticism than the Revenue-Cutter Service.

Comparative data—Cost v. Output.

Year.	Cost of maintenance.	Value of property assisted.
1898.....	\$1,066,478	\$1,640,250
1899.....	1,040,594	1,735,762
1900.....	1,229,337	4,923,093
1901.....	1,256,550	2,697,825
	4,592,959	10,996,922
\$10,996,922 divided by 4,592,959 = \$2.39.		
1908.....	1,817,227	8,858,918
1909.....	2,423,564	13,940,079
1910.....	2,458,838	10,401,935
1911.....	2,455,041	9,483,562
	8,154,670	40,683,494
\$40,683,494 divided by 8,154,670 = \$4.43.		

By its civil duties, the operations of the Revenue-Cutter Service save many times its cost annually, as shown by the foregoing. Through its military organization and training the service constitutes a valuable naval auxiliary force, as history demonstrates. It will thus be seen that the service occupies a peculiarly advantageous status from an economical point of view as compared with other branches of the Federal service, and has therefore a large balance to its credit from each of its dual functions.

### 3. CAN THEY BE PERFORMED BY THE EXISTING EQUIPMENT OF OTHER DEPARTMENTS?

In answering this query we must assume:

(a) That the saving of life, assistance of distressed vessels, destruction of derelicts, maintenance of a coast patrol for the prevention of smuggling, and the patrol of the Bering Sea, would be performed by the Navy.

(b) That the boarding of vessels in connection with the customs laws and the prevention of smuggling in ports would be performed by the Treasury Department.

(c) That the enforcement of navigation laws, patrolling of regattas, maintenance of anchorage patrol, etc., would be performed by the Department of Commerce and Labor.

(d) That the Department of Justice would maintain its own vessel for court and other duties in Alaska.

(e) That the Department of the Interior would maintain a vessel for its work in connection with the Bureau of Education in Alaska.

(f) That the Department of Agriculture would maintain a vessel to protect the bird life on the Laysan and Lisiansky Islands, and for the enforcement of game laws in Alaska.

Considering these assumptions in the above order, we find in looking at the facts in each case the following conditions existing:

(a) The Navy Department is not prepared to assume any additional work other than that which it is now performing, owing to a lack of ships of the size necessary for the efficient and economical performance of the work which it is assumed that it would be called upon to perform in the event of the abolition of the Revenue-Cutter Service. Further, it has not sufficient officers and men to man such vessels, even if they had the vessels. In support of this assertion, reference is made to the report of the Secretary of the Navy for the fiscal year 1911, pages 36, 40, 47, and 50, wherein is discussed lack of ships of this class and lack of personnel. In addition, it will be recalled that upon the recommendation of the Secretary of the Treasury, with the approval of the Secretary of the Navy, Congress, in the sundry civil bill approved May 27, 1908, authorized the transfer of the gunboat *Vicksburg* to the Revenue-Cutter Service. Repeated applications for the transfer of this vessel since then have been made to the Navy Department, and on each occasion it has been denied on the grounds that the Navy Department could not spare her, owing to the lack of vessels of her type and class, and finally, on March 30, 1909, the Navy Department stated that it could not foresee the time when this vessel could be spared.

(b) The Treasury Department has no vessels with which to board incoming merchant and passenger vessels other than the small revenue

cutters which are now performing this work. There are also no vessels available for the patrol necessary to prevent smuggling in ports other than the existing cutters. Consequently, the smaller vessels of the Revenue-Cutter Service would have to be retained by the Treasury Department for these duties.

(c) The Department of Commerce and Labor now maintains four distinct and separate fleets for the performance of special duties, as follows: Vessels for the Lighthouse Service; vessels for the Coast Survey; vessels for the Fish Commission; vessels for the Immigration Service.

It is very evident that these vessels have sufficient work in these special duties to occupy their entire time, or otherwise the Revenue-Cutter Service would not be called upon to perform various duties for this department. Further evidence that the department is not equipped for the performance of these duties comes from the fact that it now asks and receives from Congress a special appropriation each year of \$15,000 to hire or purchase motor boats to assist in enforcing navigation laws, etc., principally in shoal waters inaccessible to revenue cutters.

In order to accomplish all the duties which the Revenue-Cutter Service now performs for the Department of Commerce and Labor it would be necessary for that department to build up another special service, in addition to the four it now possesses.

(d) The Department of Justice has no vessels of its own, and in the event of the abolition of the Revenue-Cutter Service (the Navy or no other department having available vessels to detail for such duty) it would be necessary for that department to maintain a vessel of its own to perform practically three months' duty each summer in Alaskan waters.

(e) The previous statement applies with equal force to the conditions in the Department of the Interior.

(f) The same applies to the Department of Agriculture.

Having shown that the duties of the Revenue-Cutter Service can not be performed by the existing equipment of other departments, it is pertinent to inquire:

#### 4. WILL THERE BE A SAVING IN EXPENSE OR AN INCREASE IN EFFICIENCY, OR BOTH, IF THE DUTIES AND EQUIPMENT OF THE REVENUE-CUTTER SERVICE WERE DISTRIBUTED AMONG THE SEVERAL DEPARTMENTS?

Considering this question in the same order as outlined under the third heading, we find:

(a) If the Navy should assume the tasks of assisting vessels in distress, patrolling Bering Sea, destroying derelicts, etc., it would have to use vessels of the gunboat class—craft in size and general characteristics similar to the revenue cutters of the first class—and having none to spare, would require the large revenue cutters transferred for the purpose. A comparison of the relative costs of maintenance and operation (including repairs) of groups of vessels of the Navy and Revenue-Cutter Service of approximately the same size and characteristics, covering a period of the last three fiscal years, shows that the average naval vessel of this class costs \$134,445.99 per annum and the average revenue cutter \$84,552.13. In order to secure

greater accuracy in this comparison of cost the same has been reduced to a unit, and it is found that the "cost of maintenance and operation per ton of displacement per annum" is \$127.84 in the Navy and \$83.47 in the Revenue-Cutter Service.<sup>1</sup> This shows that the cost of maintenance and operation is 53.2 per cent greater in the Navy than in the Revenue-Cutter Service for vessels of similar size and type.

(b) The boarding of vessels in connection with the customs laws and the prevention of smuggling in port could be performed by the Treasury Department with that portion of the equipment of the Revenue-Cutter Service now used for such duties. These small vessels are operated as economically as possible consistent with the requirements of the duties performed. Under the proposition that each department should do its own work, these Treasury craft could perform no service in connection with the enforcement of navigation laws, patrol of regattas, etc., which they now do, hence they would not be operated as efficiently as at present.

(c) As previously stated, the Department of Commerce and Labor has no vessels with which to enforce navigation laws, patrol regatta courses, enforce anchorage laws, etc. There would be none of the existing revenue-cutter fleet available for this department, as all would be either transferred to the Navy or retained by the Treasury. Therefore it would be necessary to establish and build up another special fleet to perform these particular duties. These vessels with their personnel would be in addition to the existing equipment of the Revenue-Cutter Service, and in consequence there would necessarily be a decided increase in cost, as compared with the present conditions.

(d), (e), and (f) The same applies with equal force to the Departments of Justice, Interior, and Agriculture.

There would be no economy in the proposed distribution of duties and equipment. On the contrary there would be, if the work were done as well, a decided increase in cost, as the following will demonstrate.

The average annual cost of a revenue cutter of the first class is \$84,000, in round numbers. It costs 50 per cent more (in round numbers) to operate such a vessel in the Navy. Therefore if the 20

<sup>1</sup> In making this comparison of costs there is no intention to criticize the Navy Department. It is believed that the greater part of the increased cost is due to the larger crews of the naval vessels. Onboard are maintained more or less on a war footing, and the average complement of the naval vessel upon which the comparison was made consists of 8 commissioned officers and 146 men; whereas the average complement of first-class revenue cutters is 7 commissioned officers and 100 men. There is the Navy reason for this difference in complement. For naval vessels the size of the crews depends largely upon the number of guns to be carried; revenue cutters having smaller batteries obviously do not require so many men, and therefore the size of their crews is based upon a sufficient number to handle the vessel and man the boats for rescue work. There is a greater number of men in proportion to officers in the Navy than in the Revenue-Cutter Service, and this must necessarily be so, since a naval vessel is maintained more or less on a war footing, whereas a revenue cutter presents a skeleton military organization, which, while capable of being immediately expanded to full war strength when necessary, requires only a small crew for the ordinary duties of peace. When war breaks out the revenue cutters cooperate with the Navy and are used solely for military duties the crews are immediately increased, but the number of officers remains the same, with possibly an addition of one officer for each first-class vessel. There must always be a certain number of officers for a vessel in command—no matter what her size, there must be a captain, officers to stand the watches on deck and officers to stand the watches in the engine room, and this force of officers is necessary for a 1,000-ton ship as for a 3,000-ton vessel, so that the number of officers does not depend upon the number of the crew nor upon the size of the vessel, but rather upon the duties to be performed which are common to all ships. Men who stand responsible watches in charge of the deck or machinery should not be required to be on active duty more than 4 hours in each 24—that is, two watches of 4 hours each. The captain upon whom the responsibility of the entire ship devolves is supposed to be on duty at all times, so he is unable to be called at any moment; hence he stands no watch. It will thus be seen that the complement of 7 officers aboard revenue cutters (1 captain, 2 officers for deck duty, and 2 officers for engineering and machinery) represents the actual necessities on all sea-going ships of the class, whether in peace or in war. An extra crew could be employed very advantageously on first-class cutters, if we had them, as auxiliary disciplines and drills are kept up at sea as well as in port, but this duty is now performed in addition to the regular watch duty.

first-class revenue cutters were transferred to the Navy Department, as proposed by the commission, and operated by that department, there would be an annual increase in cost of \$840,000.

For the second and third class cutters and launches which would have to be retained by the Treasury Department in the proposed distribution of the fleet, there would be neither increase nor decrease in cost if this fleet were administered as economically as at present.

For the Department of Commerce and Labor to perform all of the duties of enforcing navigation laws, patrolling regattas, enforcing anchorage laws, etc., it has been shown that, having no vessels of its own for such purposes and there being no revenue cutters remaining to be transferred to it, a new fleet would have to be created for these exclusive duties. Estimating very conservatively, that department would need not less than 15 small vessels for this work. The average annual cost of maintenance of each vessel could not possibly be less than \$15,000 per annum, and this would mean an additional annual cost of at least \$225,000, without considering the cost of purchasing or building such vessels.

Under the most conservative estimate, it would cost the Interior Department, Department of Justice, and the Department of Agriculture not less than \$20,000 per annum each to maintain vessels for the performance of the duties now accomplished for these departments by the Revenue-Cutter Service in addition to its other duties. This would mean an increase in annual expenditures on the part of the Government of \$60,000, exclusive of the purchase price of such vessels.

*Recapitulation of estimated increase in annual cost if the recommendations of the Commission on Economy and Efficiency are carried into effect.*

On account of vessels transferred to the Navy Department.....	\$840,000.00
On account of vessels required by the Department of Commerce and Labor.....	225,000.00
On account of vessels required by the Departments of Justice, Interior, and Agriculture.....	60,000.00
Total increase.....	1,125,000.00

And this does not include any administrative expense nor the cost of building or purchasing the additional vessels that would be required.

#### RÉSUMÉ.

The various duties that have been assigned to the Revenue-Cutter Service must be performed—the public interests demand them and the law requires them. The issue raised by the commission therefore resolves itself into the following:

Can these duties best be accomplished by one organization like the Revenue-Cutter Service or by several organizations—each in a separate department?

It has been shown that as the country grew and developed, the maritime functions and obligations of the Government increased, and as different departments had cognizance of the various duties growing out of these obligations, there was an insufficient amount of such maritime work in each of the several departments to warrant the maintenance of a separate service by each. Quite logically,

therefore, these duties were successively added to the Revenue-Cutter Service, until to-day its functions relate to maritime matters in almost all of the departments of the Government. A close analysis of these duties will disclose the fact that while none of them individually requires constant attention, all of them are of such a coordinate nature as to permit them to be accomplished satisfactorily by one organization.

As has been pointed out, this fact constitutes a legitimate and logical field of activity, and permits centralization, specialization, and coordination—the elementary principles of economy and efficiency. Under these conditions and upon these principles the Revenue-Cutter Service has developed—it has profited by its 122 years of experience—until to-day it exists as a compact organization representing a concentration of governmental maritime functions, administered economically and efficiently.

To disband this organization and distribute its duties and equipment among the several departments, as proposed by the Commission on Economy and Efficiency, would inevitably result in the establishment of several services, each under a separate organization and administration, with all the confusion and expenses incident to the formation of any organization as it passes through the transitory stage necessary for the perfection of the system. Each of these services would require as many vessels as the Revenue-Cutter Service now periodically uses for that particular class of duty, if the same results are to be obtained. As none of these services could use the vessels or do the work of another service (otherwise the object sought in the proposed distribution would be lost), this would necessitate a far greater number of vessels in the several services than is now needed by the Revenue-Cutter Service for the accomplishment of all these duties. All this would result in confusion and lack of coordination, which means inefficiency and duplication of equipment and administration, entailing under the most conservative estimate an additional annual expense of at least \$1,125,000.

Respectfully,

E. P. BERTHOLF,  
*Captain Commandant.*

The SECRETARY OF THE TREASURY.