

area division on substantive matters and receives its instructions through the same channel. It has been argued, therefore, that financial management should follow the same pattern and that the area divisions should be made responsible for supervising and coordinating the planning, budgeting and spending of all posts in their area. Moreover, such an arrangement would fit perfectly the theory of budgetary control which calls for resource management to be in the hands of the program executives and for financial planning and control to be part and parcel of program planning and control.

There are a number of arguments against adopting this arrangement, one of them very compelling. Much of the expenditure control in a post operation has to do with the minutiae of administrative support and to turn this over to the area divisions would swamp them unless they were staffed with cadres of specialists in personnel and other aspects of administration. In addition to being an improper use of the area divisions, such a solution would weaken the concentration of specialists in the staff divisions.

A happier compromise emerges when an examination is made of the nature of expenses incurred by the Department and, in particular, by posts abroad. The principal program resource of the Department is manpower and the largest element of its expenditures are the salaries and allowances which pay for this manpower. Further examination of the typical expenses of a post reveals that, for the most part they are related to support of the personnel assigned to it; they are for accommodation, equipment, furnishings, maintenance and repair, travel, etc. In other words, these latter financial requirements flow out of posting decisions. The Department, therefore, plans to adopt a middle management structure in which manpower, the principal resource at the Department's disposal, comes under the