

production, for general R.D.T. & E., or for nonprofit research proportional to its share of the Nation's scientific and technical skills. Conversely, considerable R.D.T. & E. and some basic research, is being conducted in areas where local institutions of higher learning fall far short of producing a comparable flow of trained professional and scientific manpower.¹⁹

III. DEFENSE MANPOWER POLICY

The sole effort of the Department of Defense to utilize defense contracts to alleviate unemployment in substantial and persistent labor surplus areas is found in defense manpower policy No. 4. This policy was adopted in 1951 and was issued by the Director of the Office of Civil Defense Mobilization under Executive Order 10480 and Executive Order 10773.

The latest revision of this document is dated July 6, 1960, and may be found in volume 25 of the Federal Register, page 5283. This remarkable document proclaims unequivocally:

It is the policy of the Federal Government to encourage the placing of contracts and facilities in areas of persistent or substantial labor surplus, with first preference being given to areas of persistent labor surplus, and to assist such areas in making the best use of their available resources in order to achieve the following objectives:

- (a) To preserve management and employee skills necessary to the fulfillment of Government contracts and purchases;
- (b) To maintain productive facilities;
- (c) To improve utilization of the Nation's total manpower potential by making use of the manpower resources of each area;
- (d) To help assure timely delivery of required goods and services and to promote readiness for expanded effort by locating procurement where the needed manpower and facilities are fully available.²⁰

This policy has been adopted because of the fact that the defense program depends upon efficient use of all our resources. It is further frankly recognized that:

The words "substantial labor-surplus areas" and "persistent labor-surplus areas" are used in both the defense manpower policy No. 4 and the Area Redevelopment Act, 75 Stat. 48, sec. 5(a). The Department of Labor classifies unemployment areas according to these two documents as either "substantial labor-surplus area" or "persistent labor-surplus area." The same criteria is used by the Department of Labor to make this classification under both documents so that if an area is a substantial and persistent area which would qualify as a distressed area in 5(a) of the Area Redevelopment Act, it would also qualify for set-asides of Government procurement contracts under defense manpower policy No. 4.

When large numbers of workers move to already tight areas, heavy burdens are placed on community facilities—schools, hospitals, housing, transportation, utilities, etc. On the other hand, when unemployment develops in certain areas, unemployment compensation costs increase and plants, tools, and workers' skills remain idle and unable to contribute to our defense program.²¹

In general, the policies of DMP No. 4 are implemented by directives to the Department of Labor, Government procurement agencies, the Department of Commerce, the Small Business Administration, the Surplus Manpower Committee of the Office of Civil and Defense Mobilization, regional directors of OCDM, and all Federal departments and agencies planning sites for Government facilities expansion. The three most important provisions of DMP No. 4 policy are ones that direct the procurement agencies to award negotiated procurement contracts to the contractors who will perform a substantial proportion

¹⁹ Hearings, app. III, p. 173.

²⁰ Hearings, app. I, p. 167.

²¹ Hearings, app. I, p. 167.