

of the Government as well as the State and local community groups which are calling on the Government for assistance. Personnel should be trained to present the procurement opportunities, programs, and procedures of their department in all aspects such as facilities assistance, financing, interpretation of regulations, relief under extraordinary circumstances, and like activities.

8. *Offices of economic utilization policy should continuously encourage prime contractors to establish new facilities in distressed areas*

Offices of Economic Utilization Policy and ARA should systematically encourage firms to establish new facilities in distressed areas by pointing out the Government procurement and other advantages of these areas.

EXECUTIVE ACTION—CONTRACTING AND SUBCONTRACTING PROCEDURE

9. *Devise and adopt programs which would create a wider geographical distribution of R. & D. contracts*

Agencies, with particular emphasis on the Department of Defense, should be more concerned with the development, maintenance, and retention of the industrial, scientific, and mobilization base in their awarding of research and development and like contracts. There should be a national spread and a planting of the seed corn of R. & D. which will lead to production contracts in all sections of the country. The excellent institutions of learning in all States have research capabilities which could and should fulfill basic and applied research contract and grant needs. Each area of the country has R. & D. capabilities within its scientific and industrial groupings which could and should be given the opportunity to take on development and design activities. It is not enough to say that concentration in certain areas of the country, on the basis of Nobel Prize winners, is the only answer in the achievement of national policy objectives in R. & D. and supply procurement programs.

10. *Adopt the program now being experimented with which requires 25 percent of selected contracts to be produced in distressed areas and devise a more liberal and exact interpretation of labor surplus area set-aside policy. Contracting officers from all agencies, on procurements over a certain size, should report on why a set-aside under DMP No. 4 was not utilized*

The set-aside programs of the DOD should be stepped up with recognition given to other types in addition to those set forth in ASPR 1-800. There should be set forth liberal interpretation of "economic production run or reasonable lot" to assist procurement and contracting personnel. The program now successfully underway in the Defense Department, which requests a specific percentage of selected contracts lending themselves to subcontracting to be produced or subcontracted in a labor surplus area, should be encouraged and utilized in other Government agencies. The percentage factors to be utilized in such contract actions should be flexible to enable contract placement under varying situations to as many prime contractors as possible.