

LETTERS OF TRANSMITTAL

MAY 27, 1966.

To the Members of the Joint Economic Committee:

Transmitted herewith for your consideration and use, and for the use of other Members of Congress, the business community, and others, is a report entitled, "Economic Impact of Federal Procurement—1966" by the Subcommittee on Federal Procurement and Regulation.

Sincerely,

WRIGHT PATMAN,
Chairman, Joint Economic Committee.

MAY 25, 1966.

HON. WRIGHT PATMAN,
*Chairman, Joint Economic Committee,
U.S. Congress, Washington, D.C.*

DEAR MR. CHAIRMAN: Attached is a progress report entitled, "Economic Impact of Federal Procurement—1966" approved unanimously by the Subcommittee on Federal Procurement and Regulation.

Federal property activities, including procurement, aggregate at least 10 percent of the value of the gross national product and exert a great force on the national economy. It is, therefore, most important that they are conducted with prudence and efficiency. So the subcommittee has concentrated its efforts the past few years on the elimination of waste which historically has been so widespread thus robbing both essential military and civilian programs while needlessly augmenting the budget and the national debt. Our hearings and this report as in former years do not deal with strictly military subjects such as strength and organization of forces, major weapons systems, theater operations, etc.

We are giving great emphasis in this report to the need for better management and utilization of the billions of dollars worth of supplies in Government warehouses. Many of these items are perishable in varying degrees. This is a good time to keep out of the market and to "use these items up, wear them out and make them do".

An objective appraisal will reveal that giant strides have been made in the past few years in developing an economical and efficient Federal supply system as contemplated by the Congress in 1949.¹

I also point out that for nearly two decades congressional committees, individual members, study groups, the two Hoover Commissions, and many others have advocated that the Secretary of Defense take strong action to bring about efficient management in the sprawling defense complex, particularly in the common supply and services areas, secure more competitive bidding as intended by law, utilize more fully the billions of dollars worth of deteriorating inventories

¹ Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 471, sec. 2.