

food, textile and clothing products, and several different categories of equipment and supplies of ordinary types. These increases in the percent of contracts imply very large increases in dollar amounts, because the national total increased by more than one-third in 1966 over 1965. The increase for ammunition is especially striking. The absolute dollar value of contracts for ammunition increased by more than \$2 billion. There were, on the other hand, declines in the share of contracts going for missiles, ships, and construction (in this country) so large that the absolute dollar value in these programs declined. The amount for missiles had already fallen sharply in fiscal years 1964 and 1965, and figures from direct surveys by the Defense Department of large missile manufacturing plants show declines in employment of about a third between 1963 and 1966.

Along with this change in commodity pattern has come a change in the regional distribution of procurement. All the major census regions received more prime contracts in fiscal year 1966 than in 1965, but the increase varied greatly in size. The increases for the Mountain and Pacific regions, for example, were quite small and their fractional share of the total fell greatly. Despite the large increase in the national total, increases were relatively even faster in the East North Central, South Central, and New England regions.

Chairman PROXMIRE. What is the east north central region? What States does that include?

Mr. BOLTON. Ohio, Indiana, Michigan, Illinois, Wisconsin.

Chairman PROXMIRE. Thank you.

Mr. BOLTON. Other areas of the country had increases roughly in pace with the national total. Although prime contracts do not indicate the true regional distribution of all defense production, because of the subcontracting across regional lines, they are nevertheless very important indicators. A very large part of the contract value is produced in the State the prime contractor is located in.

Inspection of data on prime contract value classified by both commodity and State, clearly shows the regional effect of the new emphasis on conventional equipment. Relative to the total change for the State, increased ammunition contracts were large for many Midwestern States, for Tennessee, New Jersey, Texas, California, and some States in the South. New England benefited greatly from weapons contracts; and the Midwest from vehicle procurement. Helicopter contracts loomed large in Pennsylvania and Connecticut; and aircraft engines in Connecticut, Massachusetts, New Jersey, Ohio, and Indiana. Textile and clothing products were important for many Southern States and several New England ones. Various miscellaneous kinds of equipment and supplies, such as military building supplies, production equipment, photographic equipment, and construction equipment were contracted for in large quantities in all the East North Central States, and some Southern ones. The wide variety of items for which large contracts were placed in the traditional Manufacturing Belt of Ohio, Indiana, Illinois, Michigan, and Wisconsin in particularly striking.

These have been indications of the procurement picture. There are also data on changes in civilian and military payrolls. Between June 1965 and June 1966, about three-quarters of the increase in civilian employment at Defense Department installations took place in nine States: California, Virginia, Maryland, Texas, Utah, Georgia, Oklahoma, Pennsylvania, and Missouri. In the same period, the States in