

ECONOMIC IMPACT ANALYSIS OF SUBCONTRACTING PROCUREMENT PATTERNS OF MAJOR DEFENSE CON- TRACTORS: SEPTEMBER 1966*

[Submitted to Deputy Assistant Secretary of Defense, Systems
Analysis—(Economics) (Contract DA-49-083 OSA 3116) Task
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I. SUMMARY OF FINDINGS

The following findings and conclusions (necessarily tentative because of the inherent data limitations described in ch. II) may prove useful both for what they reveal quantitatively as well as for the directions they suggest for further study:

1. A comparison of the geographic place (State) of performance distribution of C-E-I-R study subcontracts with DOD prime contracts shows that eight of the top 10 States appear on both lists, though there are noticeable differences in some of these State shares of the National totals. California and New York, which rank first and second in both series, together account for over 40 percent of the U.S. total subcontract awards. (See table 5, cols. 1 and 2.)

2. Geographic concentration appears to be greater for subcontract than for DOD prime contract awards. The 10 leading States in the subcontract series receive over 75 percent of all subcontract awards, whereas the 10 top States in the prime contract series account for 67 percent of total DOD prime contract procurement. (See table 5, cols. 1 and 2.)

3. Comparison of the subcontract geographic distribution for this study with that of the census MA-175 survey of defense-oriented industries for 1963, reveals surprisingly similar patterns. The five top ranked States are not only identical in order of rank, but are virtually equal in their share of the national totals individually and collectively. (See table 5, cols. 1 and 3.)

4. When comparing the C-E-I-R study with the NASA subcontract place of performance patterns, the two top States hold identical rank positions in both series. However, there are sizable variations in their share of the national total as well as in the order of ranking of the other leading states. (See table 5, cols. 1 and 4.)

5. Prime contractors located in California, New York, and Missouri were the originating source of 70 percent of all subcontract awards covered in this study. (See table 7, col. 2.)

6. The three leading States of origin (California, New York, and Missouri) are identical in rank for both the C-E-I-R study and NASA subcontract award series. These States originate approximately 70 percent of all subcontract procurement covered by both of the series. (See table 8.)

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