

ECONOMY IN GOVERNMENT

TUESDAY, MAY 9, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON ECONOMY IN GOVERNMENT
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 o'clock a.m., in Room S-407, the Capitol, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senator Proxmire; Representatives Curtis and Rumsfeld.

Also present: John R. Stark, executive director, and Ray Ward, economic consultant.

Chairman PROXMIRE. The Subcommittee on Economy in Government will come to order.

We are pleased to have another excellent and able witness with us this morning, the Assistant Secretary of Defense, Installations and Logistics the Honorable Paul R. Ignatius who will discuss for us a number of topics which I outlined by letter of April 27, 1967. In addition I am sure that other members who will be here shortly will have a number of questions based upon yesterday's testimony by the Comptroller General of the United States. At this point I will include in the record a copy of the letter sent to the Department of Defense. (Letter referred to follows:)

APRIL 27, 1967.

HON. ROBERT S. McNAMARA,
Secretary of Defense,
Department of Defense, Washington, D.C.

DEAR MR. SECRETARY: This confirms conversations between your staff and the staff of the Subcommittee on Economy in Government of the Joint Economic Committee relative to the Subcommittee's hearings on May 8, 9, 10, and 16. Department of Defense witnesses are scheduled to appear May 9, 1967, 10:00 a.m. (Hearing room to be announced later.)

We will want a progress report on the general Department of Defense Cost Reduction Program and detailed information about the Defense Supply Agency and its component agencies. In this regard, a comparison of conditions in the management of commodity groups, i.e., medical, subsistence, etc., now and before single managers were set up a number of years ago would help to show progress in use of space, turnover of stock, stock losses, use of manpower, etc.

The specific recommendations affecting the Department of Defense in the May 1966 report of the Subcommittee on Procurement and Regulation should also be covered in the testimony.

We are giving emphasis this year on the development of programs designed to identify, analyze, and organize common type activities and projects as steps toward the elimination of unneeded duplication of effort and expense. In this regard, a short review of progress in effectiveness and efficiencies in the operation of common type agencies in addition to the Defense Supply Agency, namely DCA, DIA, MTMS, etc., will be of benefit.

Any other common programs identified, developed, or planned under your Project 81 should also be discussed as we believe that unremitting effort along these lines is required in achieving economy in Government.

We need information also on the DOD program in being or planned respecting the President's memorandum of March 3, 1966, and the implementing BOB Cir-