

formation is desired, you may contact Mr. Ray Ward, Staff Director of the Subcommittee, phone 967-8169, Study Room 161, Library of Congress Annex, Washington, D.C.

Sincerely yours,

WILLIAM PROXMIRE, *Chairman.*

During the past 2 days, the Subcommittee on Economy in Government has received testimony from representatives from the General Accounting Office and the Department of Defense on economy measures taken or to be taken in the real and personal property management areas which consume the bulk of the annual budget. Today, however, we want to discuss the subject of the Government's involvement in so-called business-type activities. These are activities which have been started and continued for a variety of reasons—cost; health, as in the case of the dairy we discussed Monday; only source of supply, as a yardstick as in clothing manufacture; quality assurance, as in coffee roasting; too costly or hazardous for private industry, as with the Alaska Railroad; utilities, for many reasons; et cetera, et cetera, over a wide range of activities.

This subject was given consideration by the Bonner committee in 1951-52, which I might say I had the pleasure of serving on; the Harden committee in 1953-54; by the Second Hoover Commission; and more lately by the House and Senate Government Operations Committees.

The Subcommittee on Federal Procurement and Regulation, the predecessor to this subcommittee, has for a number of years urged a stronger program for (a) control of new programs and (b) reduction of old ones.

We were pleased, therefore, when President Johnson gave impetus to the program on March 3, 1966, and the Budget Director issued circular A-76 to the heads of the executive departments and establishments on "Policies for Acquiring Commercial or Industrial Products and Services for Government Use." It seems apparent that a definition of the Government's role vis-a-vis the private sector is an important step in developing a program on economy in government. It is also important for the public to be aware of the scope of this subject and the impact on the Nation's tax structures.

Mr. Gainsbrugh, I think most of us have seen your excellent booklet entitled "Government in Business." We certainly know the distinguished organization of which you have been the guiding light for so many years.

We will be pleased to hear your statement at this time. I would like to have you, before you begin your statement, tell us a little of your background and something about the organization you represent. This is essentially for the record.

TESTIMONY OF MARTIN R. GAINSBROUGH, SENIOR VICE PRESIDENT AND CHIEF ECONOMIST, NATIONAL INDUSTRIAL CONFERENCE BOARD, INC. (NICB), NEW YORK, N.Y.

Mr. GAINSBROUGH. Thank you for an opportunity to at least resort to the soft sell so far as the National Industrial Conference Board is concerned, and put a modest bit in the record so far as my own achievements.