

and the lack of an adequate accounting system therefor, this committee recommended that a very careful inventory be made of those items, and that some program be set up for either disposing of them or getting them on a more businesslike rental basis in one way or another.

We also recommended that certain items of short shelf life, such as medical supplies, rather than being allowed to deteriorate to the point they were dumped and wasted from the shelves of the Federal Government, be utilized in other divisions of the public sector, or even in the private sector.

PRESIDENTIAL "GOVERNMENT PROCUREMENT GUIDELINES"

Pursuant to those recommendations, the President last year issued a memorandum to the heads of the departments and agencies entitled "Government Procurement Guidelines," and it directed the Director of the Bureau of the Budget to issue detailed guidelines "for the determination as to when the Government should buy its products and services for its own use under the general policy of reliance upon private enterprise."

BUDGET CIRCULAR A-76

Now, do you feel that the Bureau of the Budget has moved forward with a strong program pursuant to the President's instruction which itself was pursuant to the hearings of this committee, the evidence brought forth?

Mr. GAINSBROUGH. I am delighted the question has been raised. We have worked closely with the Bureau of the Budget over the last year or two. Before the bulletin was issued, we did meet with Mr. Staats and others to discuss some of the major questions that rise in connection with purchase—to hire, to make, or to buy. We have met subsequently with trade associations and with various representatives of industry to see how they view the bulletin, since it has been published. I would bring to your attention four areas of discussion that still remain unsolved.

CIRCULAR A-76 SOMEWHAT WEAKER THAN PREVIOUS STATEMENTS

Good as the circular may have been in alerting the various governmental agencies as to the criteria to be kept in mind and decisions as to whether to make or to buy, one major reservation about the current circular is that it fails to emphasize as much as previous budget bulletins, that the preference should be for purchase from the private sector, unless the reasons heavily favor the Government producing the item itself.

The statement is somewhat weaker than previous statements in terms of underscoring the desirability of purchasing from the private sector.

COST OF MONEY

A second area that is mentioned in Bulletin A-76, but is still much discussed in meetings of industry-Government representatives, is the economic arithmetic to be employed in determination of whether to make or buy. The particular item here that is in controversy is the cost