

Appendix III

GOVERNMENT IN BUSINESS

(The following correspondence was received for the record relative to the subject of the Government in business:)

NATIONAL RETAIL MERCHANTS ASSOCIATION,
March 7, 1967.

Senator WILLIAM PROXMIRE,
4327 New Senate Office Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: I have noted your comments in regard to your concern over the commercial activities of government agencies.

The retail industry has, for many years, tried to induce the military establishment to reduce the size of the military stores operations. Initially, PX's were designed to provide articles of "convenience and necessity" for members of the armed forces. However, in recent years, these operations have grown at a rapid rate not only in the lines of merchandise handled, but in volume. The National Industrial Conference Board two years ago revealed that sales at military stores had gone above the \$1 billion figure.

It should be made clear that retailers feel that an adequate PX is necessary, but the highly promotional aspects of the modern military store presents unhealthy competition for nearby tax-paying retail stores.

Recently the military stores have secured contracts from apparel producers for prices equal to those of the largest retail buyers.

While it may not be practical to try to scale down these operations to where they were prior to World War II, we do believe that efforts should be made to prevent further expansion as to the lines of merchandise handled and to curtail operations near adequate shopping areas.

Respectfully yours,

JOHN C. HAZEN,
Vice President, Government.

APRIL 18, 1967.

HON. CHARLES MCC. MATHIAS, JR.,
House of Representatives,
Congress of the United States, Washington, D.C.

DEAR MAC: With reference to your letter of March 28, 1967, our plans have now materialized to the point where scheduled hearings of the Subcommittee on Economy in Government are firm.

Comptroller General Staats and his staff will testify on May 8, 1967 (hearing room to be announced) and we will discuss the President's program on Government Competition with Business and the related problem of the release of unneeded Government properties to the tax rolls. The General Accounting Office report on the Navy Academy Dairy at Gambrills, Maryland will be considered at that time and your statement will be welcomed.

Sincerely yours,

WILLIAM PROXMIRE, Chairman.