

IX

Hughes, Hon. Phillip S., Deputy Director, Bureau of the Budget—Continued	
Statement—Continued	Page
Progress report on A-76.....	327
Dr. Stockfish's argument on opportunity cost.....	327
Real property management.....	329
Report on real property holdings due June 30, 1968.....	329
Value of Federal real property steadily increases in DOD.....	330
Government-wide increase in real property holdings.....	331
Programs to utilize real property.....	331
Need for objective evaluation of real property holdings.....	332
Payment of taxes as a discipline and equity.....	332
Congressional expression of intent would help.....	333
Excerpt from July 1967 report, "Economy in Government,"	
III. Real Estate Management.....	333
GSA's responsibility and capability concerning public utility	
services.....	335
Need for legislation on contractor-held equipment.....	336
Need for better top management.....	336
Bureau of Budget views on another "Hoover Commission".....	336

DECEMBER 8, 1967

Gonzalez, Hon. Henry B., a U.S. Representative from the 20th Congressional District of Texas:	
Statement.....	339
Attachment: "What War Profiteering?—I'm glad you asked".....	346
Article: "How Uncle Sam Is Cheated: The Multi-Billion-Dollar Giveaway," Parade magazine, Washington Post, December 3, 1967.....	347
Staats, Hon. Elmer B.:	
Statement.....	351
Inventory management.....	351
Effectiveness dependent upon accurate records.....	352
Twelve reports issued by GAO on inventory control.....	352
DOD has \$37 billion stores inventory.....	353
Errors in stock locator records.....	357
Excessively large number of special inventories.....	359
Program reports needed.....	361
Inadequate investigation of discrepancies.....	362
GAO disagrees with DOD on discrepancies.....	362
Example of inventory adjustments.....	362
Prescribed physical inventories not taken.....	364
Army will not be on scheduled inventories until 1969.....	364
System needs improvement.....	365
System should be capable of expansion for buildup.....	365
Use of computers.....	366
Ninety percent of inventory effort on specials.....	366
GAO findings reported to Secretary of Defense.....	367
GAO proposed a high-level study group to study problem.....	367
Needs for standards for evaluations.....	369
Conclusions and additional actions required.....	370
Agency audit rights and recovery from subcontractors.....	372
Attachment A: Excerpts from Defense Procurement Circular	
No. 57, November 30, 1967.....	373
History of negotiated procurement since 1947.....	374
Position of DOD in May 1967.....	375
DOD Procurement Circular No. 57 complies in general with GAO	
recommendations.....	376
New regulations result of GAO and committee action.....	378
Test of enforcement of new regulation.....	379
Review in fall of 1968.....	379
Recovery from subcontractors.....	379
Attachment B: Excerpts from Defense Procurement Circular	
No. 57, November 30, 1967.....	380
Government property in the possession of defense contractors....	380
Increase in contractor-held inventory from 1965 to 1966.....	381
Financial accounting on special items, etc.....	381
Table: Summary of material, active real property, and plant	
equipment in hands of contractors.....	382