

ECONOMY IN GOVERNMENT PROCUREMENT AND PROPERTY MANAGEMENT

MONDAY, NOVEMBER 27, 1967

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

The subcommittee met, pursuant to notice, at 10:10 a.m., in room S-407, the Capitol, Hon. William Proxmire (chairman of the subcommittee) presiding.

Present: Senators Proxmire; and Representatives Curtis, Griffiths, and Rumsfeld.

Also present: Ray Ward, economic consultant.

Chairman PROXMIRE. This subcommittee has, for a number of years, investigated and reported on the enormous procurement and other property management activities of the Government and especially of the DOD which had net military procurement actions in the United States of \$431 billion from 1951 to 1967 with 86.1 percent, or \$371.1 billion by negotiation. The basic law, however, intended that negotiation should be used only in exceptional cases. And the DOD as of the end of fiscal 1966 had real property holdings of \$38.4 billion and of personal property costing \$145.2 billion, of which \$37.7 billion was in supply systems' inventory.

After 4 days' public hearings last May, we concluded that there had been "a disturbing record of loose management," in the procurement and management of these great programs. We accordingly made a number of recommendations in our report of July 1967.¹

The 4 days' hearings we are starting today are intended to review progress made on those recommendations.

Our first witness, the Honorable Elmer B. Staats, Comptroller General of the United States, with his excellent staff, has made many notable studies and reports on subjects of vital interest to this subcommittee. I want to mention the outstanding and pioneering work on the "Truth in Negotiations Act," Public Law 87-653, which is a monument to the GAO. Of equal importance are reports just issued, which the subcommittee has requested, on the need to improve inventory controls in general over some \$37 billion worth of items and of the pressing need to improve the controls over an estimated \$11 billion worth of Government-owned facilities, equipment, special tooling, test equipment, and material in contractors' plants.

¹ "Economy in Government," report of the Subcommittee on Economy in Government, July 12, 1967, 54 pages. See p. 24 for listing of subcommittee documents.