

was justified. This civil finding was made by the U.S. General Accounting Office...."

Part of an article from the *Cleveland Plain Dealer*, April 10, 1967 as included in the *Congressional Record* in the remarks by Senator Stephen Young (D-Ohio), April 20, 1967, S5622.

7. DOD Being Sold Down the River on 222 of 242 Procurements?

"Mr. Staats. . . . we took 242 cases of either prime or first-tier subjects.

. . . in 1965 of these awards we found that the agency officials and prime contractors had no records identifying the cost of pricing data submitted and certified....

. . . of the remaining 57 of the 242 procurements examined . . . there was not a record showing the basis for the contracting officer's determination."

Testimony of the Honorable Elmer B. Staats, Comptroller General, in Hearings before the Joint Economic Committee, part 1 entitled *Economy in Government*, May 1967, pp. 62-63.

8. GAO Reports to Congress

"This report we sent over in draft from (sic) to the Department of Defense will come to Congress when we get their comments. It covers, I think, 101 contracts and finds overpricing in 33 of those contracts."

Extracted from the remarks of Mr. Frank H. Weitzel, Assistant Comptroller General in Hearings before a Subcommittee of the Committee on Government Operations, entitled *Defense Contract Audit Agency*, July 28, 1967, p. 20.

9. Improper Use of Government-Owned Industrial Plant Equipment

"During the 3 years ended December 31, 1965, the 8,000 ton press was used 78 percent of actual production time for commercial work without advance OEP approval (i.e., illegally) . . . Also this contractor had used 10 machines, costing from \$29,000 to \$141,000 each, 100 percent of the time for commercial work during the first 6 months of 1966 without obtaining advance OEP approval. . . . In another case, during the 9-year period ended September 1966, an ammunition facility was used about 80 percent of the time for commercial work. . . .

Report to the Congress by the Comptroller General, "Need for Improvements on Controls Over Government-Owned Property In Contractors' Plants," Nov. 24, 1967, p. 19.

10. Multi-Billion-Dollar Giveaway

"But no one disputes that some contractors have misused and abused the free government machinery entrusted into their care . . . One company which had gotten a whopping \$55 million of free special tooling 12 years ago, couldn't locate much of the stuff when GAO inspectors came around."

Article in the *Parade* magazine of the *Washington Post* by Jack Anderson entitled "How Uncle Sam Is Cheated: The Multi-Billion-Dollar Giveaway," December 3, 1967, pages 6-7.

[From *Parade* magazine, the *Washington Post*, Dec. 3, 1967]

HOW UNCLE SAM IS CHEATED: THE MULTI-BILLION-DOLLAR GIVEAWAY

By Jack Anderson

The Pentagon is pumping billions into American industry to provide businessmen with sophisticated machinery to help them produce essential military hardware. Instead, many of the machines are also being used to produce commercial items—and big profits for the manufacturers.

No one knows the exact extent of the Great Machinery Giveaway. Neither the Pentagon nor the recipients have kept adequate records of the equipment, and a substantial number of machines can no longer be located. Other equipment, too large or too vital simply to disappear, has been diverted from defense to civilian production despite federal regulations and military needs. Still other equipment has been worn out producing commercial items, so that it can no longer be used for the purposes the government intended.

All told, machinery, facilities and materials turned over to defense contractors by the Pentagon has been valued by the Comptroller General at more than \$11 billion. Pentagon officials claim this figure is far too high; some government auditors insist it is too low. But no one disputes that some contractors have