

misused and abused the free government machinery entrusted into their care. Indeed, as a recent U.S. audit of 17 plants showed, this amazing charity program for big business has added up to an enormous swindle of the American taxpayers.

Ironically, the whole idea was to save the taxpayers money. Manufacturers who are given free machines for their production lines are expected to pass on the savings to the taxpayers. More often, they have passed on the dividends to their corporate stockholders.

Of course, most of the contractors working on defense items are honest. But the case of one aerospace contractor illustrates how the taxpayers are being taken. The company complained that the 4000-ton presses which it had received free to produce blades for jet engines weren't adequate to stamp out parts for the latest military engines and meet production schedules. The Pentagon obligingly delivered to the company a one-of-a-kind 8000-ton press. Three years later, investigators learned that the military jet blades were primarily being stamped out on the smaller presses, while the 8000-ton press was being used to service commercial contracts 78 percent of the time.

An ammunition contractor used government equipment worth \$4.2 million to produce military rockets only 20 percent of the time between 1957 and 1966. During the same period, he made \$24 million worth of commercial orders on the machinery. When the Navy ordered the plant to begin producing rockets for Vietnam, the contractor waived that he couldn't meet the production schedule. Investigators detected no noticeable cutback in commercial production, but the contractor insisted that the machinery could no longer meet the tolerances needed for rocket work. Apparently, the commercial work had worn out the government machines, although there was no way for the government to prove it. Instead, the taxpayers had to pay for more equipment to produce the rockets.

Federal regulations demand that contractors get permission to use government equipment for non-defense work and that they pay rent for the time it turns out civilian production. If the commercial use exceeds 25 percent, special authority has to come from the President's Office of Emergency Planning.

These rules are seldom enforced, however, and manufacturers often laugh at them. During one eight-year period, an aircraft company used government equipment to produce \$500 million worth of airplane engines for commercial customers without paying a dime of rent to the U.S. Treasury. Even after a U.S. estimate that \$5 million in rent was due, the money was never collected. It is a story that is repeated every day by other defense contractors.

In several instances, government equipment and machinery was used for commercial production as much as 97 percent of the time. One company had ten machines costing up to \$141,000 which were used full time for commercial production in the first half of 1966.

Despite its celebrated computer systems for cost accounting, the Pentagon has confessed that it cannot completely keep track of all the equipment it has distributed to manufacturers out of the taxpayers' great grabbag. Astonishingly, the Pentagon has left it up to the contractors to inventory all this machinery and to log the hours it is used on commercial production. This is equivalent to putting the geese in charge of the corn.

The General Accounting Office—an investigative arm of Congress—disclosed a number of inventory abuses during a routine spot check in the Dallas area. One plant, which had been given \$21.8 million worth of special equipment, couldn't explain satisfactorily what had happened to it. At another plant, 5000 special items were missing. At a third, "special use" tools supplied by the Pentagon were intermingled with commercial equipment. The Defense Department's own records were found to be so botched that in four Dallas plants the probes located 88 government-owned machines which weren't even listed among the Pentagon's possessions.

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. A company spokesman said it would take 20 men one full year to make such an inventory. It should be mentioned at this point that contractors are not required to report on or keep records of special tooling and special test equipment. Thus it is no surprise that the Pentagon was unable to tell PARADE how much of this stuff it had given away, or where it was.

The discoveries in Texas can be multiplied by hundreds of defense plants across the country. The Pentagon simply doesn't know how much machinery it owns nor where all of the stuff is located. "We're not talking about little sausage