grinder machines," one investigator told PARADE. "A lot of this equipment costs many thousands, even millions of dollars. Defense not only has no idea where all of it is but doesn't know how extensively it's being used by private corporations for their own commercial purposes."

Members of Congress who have become aware of the situation are horrified by the waste and inefficiency. "It's all a monstrous disgrace," Rep. Martha W. Griffiths (D., Mich.) told PARADE. "The contractors, in my opinion, are stealing, they're cheating. They do this because they see that nobody in the Pentagon cares about it. The Pentagon doesn't want to be bothered."

Mrs. Griffiths speaks with authority. Before her election to Congress, she spent nearly five years as an Army purchasing agent. "No one knows better than I how stupid these military people can be," she said. "This whole area of defense procurement and lack of controls over government-owned property is a mess. It's a real gyp not only to the taxpayers but to legitimate business. How can you possibly compete when your competitor gets his equipment absolutely free from the government?"

The great machinery giveaway began during World War I to speed production of war materials and to aid manufacturers who otherwise would have been stuck with specialized tools having no peacetime use. This subsidy to contractors steadily gained momentum and, in 1956, the Pentagon began replacing the equipment that had grown old and tired through civilian use.

As the use of government machinery spread to 3500 of the nation's plants, the abuses multiplied. Manufacturers bid for military contracts even when they didn't have the necessary machinery, confident that they could easily obtain the machinery from the government, according to Rep. Griffiths.

Other manufacturers hoarded special tools long after their military contracts had run out. Government auditors found "many instances" of plant equipment that should have been given back to Uncle Sam being diverted from military to civilian production. All too often, the government was obliged to duplicate these expensive tools and machines for other manufacturers.

An analysis of the utilization of $15.9 million worth of government equipment, scattered among several manufacturers, revealed that most of it had been used exclusively for commercial production or at least hadn't been used for defense work for a long while. Not one of the 328 items involved, however, was reported to the Pentagon as no longer needed. Yet 81 of them were urgently needed at other defense plants.

One Midwestern radio manufacturer, given special tools to produce Army radios, kept the machinery going to meet its commercial commitments after its defense contract had expired. The government had to pay its new contractor an extra $418,000 to speed production on the needed radios. Another contractor, with a small production order from the military, wangled 30 special machines from the government and spread the work out so he could swear that he had used them all. The total machine use, however, was 40 hours a month. The work could have been done by one machine in one week.

Other contractors have wheedled multipurpose tools, good for commercial production, out of Uncle Sam by claiming they were specialized tools. In one plant alone, government auditors listed $36 million worth of multipurpose tools that had been classified by the contractor as non-reportable "special tooling".

Use of government machines is controlled by regulations, not law, and the government's only recourse is through negotiations and civil lawsuits, not prosecutions. Armed with this immunity, the Pentagon's indifference and their own skill at juggling records, manufacturers are free to do almost anything they wish with the billions of dollars worth of machinery owned by the taxpayers. Even the General Accounting Office, which can find the hidden figures in most bookkeeping, was confused by one contractor's ability to mask his activities. The contractor had $8,858,833 worth of taxpayer-paid machinery. "This manufacturer's volume of commercial business was significant," grumped the GAO auditor who checked the books, but the "lack of detailed utilization records and basic agreement documents," he confessed, made it impossible for him to determine "whether equitable rental fees were being paid." The message between the lines was that this manufacturer likely was doing a lot of "moonlighting" with government equipment.

Checks by government investigators are infrequent in the plants, and contractors confidently play the loopholes. As long as they are keeping the records, they realize that they can be compelled to pay rental on the machines only for