

those days when government inspectors actually see the machines turning out commercial products.

"It's not really true that these tools, machines, presses and other equipment are useful only in making what the government orders," said Congresswoman Griffiths. "In the first place things like aircraft and electronic items are often identical to commercially used products. And much of the equipment the government hands out free is sophisticated enough to turn out all kinds of commercial items. There are exceptions, and I say the government should only supply equipment absolutely incapable of producing anything but government-needed items."

Sen. William Proxmire (D., Wis.), who has also interested himself in the great machinery giveaway, has summed up his feelings. "I cannot come to any other conclusion," he said angrily, "except that it seems incredibly sloppy, a clear dereliction of duty in the management of inventory, a cost to the taxpayers of hundreds of millions of dollars, maybe even billions and billions of dollars."

The Department of Defense, on the defensive against GAO and Congressional charges of inadequate control and management of "government-owned property in the hands of contractors," is forming "implementation teams" to ride herd on this vast supply of equipment and machinery. Improved auditing, mechanized record keeping, and improving the caliber of government inspectors are also in the mill.

But perhaps the question should also be raised, as some officials in government already have, as to whether the government should even be in the business of supplying billions of dollars of free equipment, machinery, material, buildings, real estate and even whole plants to industry. There is also the question of whether Uncle Sam should rent out equipment paid for by taxpayers, for commercial production sidelines by manufacturers already making a no-risk profit on government defense work.

At a time when President Johnson is demanding higher taxes to pay for the Vietnam war, he might also insist on greater care with the money the taxpayers have already shelled out.

This story of a multi-billion-dollar boondoggle—the Pentagon's blatant waste of machinery and the enormous profits industry reaps from this waste—is the result of weeks of dogged digging into the facts. Mountains of documents were examined, charts and tables scrutinized. When it came time to interview the responsible officials, however, they ran for cover. Even some members of Congress, while admitting that the situation was "bad," didn't want to discuss it. One acknowledged that some of the companies involved were located in his state and they were "quite good to me."

Pentagon officials ducked calls and, when cornered, said they couldn't talk without clearance. The clearances never came. One official admitted to Parade: "The individual from whom the information should be forthcoming was frankly hoping that you would go away. Now that he's convinced you won't go away, I'm hoping for an answer within the next 36 hours."

When it did come, the answer was an evasion of the facts, cloaked in "credibility gap" semantics. "The Defense Department has no knowledge," said the spokesman blandly, reading from a prepared statement, "of any illegal use of government industrial plant equipment by contractors. For that matter, the General Accounting Office has made no report that indicates such a problem exists. Period. End of statement."

In the broadest sense, the spokesman was telling the truth. The misuse of government machinery, though against regulations, strictly speaking is not "illegal" but merely "unauthorized." When challenged, however, the spokesman smiled weakly and responded: "Well, they didn't really believe you'd buy it."

On the question of the legalities, Rep. Martha W. Griffiths (D., Mich.) told Parade: "Whether or not this is illegal is within the control of the Defense Department, and if they haven't made it illegal, then in fact the Pentagon is teaming up with contractors to fleece the American public."

Chairman PROXMIRE. Mr. Staats, we are delighted to have you here again. We feel that your rebuttal testimony to the testimony of the Defense Department, GSA, the Budget Bureau and others who have appeared can be very, very helpful to us.