

APPENDIX A

(BELL REPORT)

REPORT TO THE PRESIDENT ON GOVERNMENT CONTRACTING FOR RESEARCH AND DEVELOPMENT, APRIL 30, 1962

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 30, 1962.

DEAR MR. PRESIDENT: As requested by your letter of July 31, 1961, we have reviewed the experience of the Government in using contracts with private institutions and enterprises to obtain research and development work needed for public purposes.

The attached report presents our findings and conclusions. Without attempting to summarize the complete report, we include in this letter a few of our most significant conclusions, as follows:

1. Federally-financed research and development work has been increasing at a phenomenal rate—from 100 million dollars per year in the late 1930's to over 10 billion dollars per year at present, with the bulk of the increase coming since 1950. Over 80 percent of such work is conducted today through non-Federal institutions rather than through direct Federal operations. The growth and size of this work, and the heavy reliance on non-Federal organizations to carry it out, have had a striking impact on the Nation's universities and its industries, and have given rise to the establishment of new kinds of professional and technical organizations. At present the system for conducting Federal research and development work can best be described as a highly complex partnership among various kinds of public and private agencies, related in large part by contractual agencies.

While many improvements are needed in the conduct of research and development work, and in the contracting systems used, it is our fundamental conclusion that it is in the national interest for the Government to continue to rely heavily on contracts with non-Federal institutions to accomplish scientific and technical work needed for public purposes. A partnership among public and private agencies is the best way in our society to enlist the Nation's resources and achieve the most rapid progress.

2. The basic purposes to be served by Federal research and development programs are public purposes, considered by the President and the Congress to be of sufficient national importance to warrant the expenditure of public funds. The management and control of such