

APPENDIX J

NOTES ON THE ECONOMY ACT OF 1932

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The Economy Act of 1932¹ permits any executive department or independent establishment of the Government to place orders with other parts of the executive branch for materials, supplies, equipment, work, or services of any kind that the requisitioned agency may be able to supply if (1) funds are available, and (2) it is determined by the head of the requisitioning department to be "in the interest of the Government to do so."² Although the notion of cost is not defined, it is further provided "that if such work or services can be as conveniently or more cheaply performed by private agencies such work shall be let by competitive bid to such private agencies." Several interpretations of this act have resulted from decisions by the Comptroller General: (1) The indefinite loan of equipment among agencies which might result in transfer without reimbursement was prohibited;³ (2) authority to procure services and supplies from other agencies rather than from commercial sources because of lower cost was regarded as permissive rather than mandatory;⁴ (3) payment of actual cost is required⁵ including charges for depreciation.⁶

A relevant decision of the Comptroller General holds that a performing agency should be in a position to supply what is needed without adding new plant and equipment.⁷ Directly related to this concept was an unpublished decision, made in July 1954, that the Economy Act did not contemplate that one agency would acquire, even with its own funds, substantial equipment for the sole purpose of being able to supply services to other agencies, nor that it would request other agencies to support the construction of facilities.⁸

¹ 31 U.S.C. 686 (47 Stat. 417) Public Law 72-212.

² 31 U.S.C. 686(a).

³ 38 C.G. 334.

⁴ 37 C.G. 16.

⁵ 22 C.G. 74.

⁶ 38 C.G. 734.

⁷ 33 C.G. 565.

⁸ Unpublished Comptroller General decision B-119486, dated July 23, 1954.