SUPPLIES AND MATERIALS

"...this subcommittee of the House Committee on Expenditures in the Executive Departments of the Government has been inspecting supply activities of the military departments for more than a year. We looked initially at property disposal and came across many cases where property of considerable value to the Government was being sold at the same time that similar property was being purchased. Such a condition not only is wasteful of the taxpayer's money but also deprives the military of resources that it needs to fight effectively;..."

Savings: Amount unspecified.


* * *

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<th>Item</th>
<th>Proposal</th>
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<tr>
<td>&quot;Military Services&quot;</td>
<td>Require that, except for items needed for wear on return home, outer uniform clothing be turned in prior to separation. Declare that clothing purchased by personnel under a monetary clothing allowance system be considered Government property.</td>
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<tr>
<td>&quot;Uniforms: Uniforms are considered personal property and are retained by the discharged individual.&quot;</td>
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Savings: $40,000,000 annually (as shown in table in source).

"It would appear that some of our procurement officers are again going hog-wild, for among other things, I am reliably advised, there is a current requisition for bids to furnish 6,400,000, plus, gallons of paint in 1-quart, 1-gallon, and 5-gallon containers, to be delivered in 30, 60, 90 and 120 days, at a cost of about $15,000,000.

"Can any man in the Army point out a possible need for all that paint for such immediate delivery, and particularly in 1-quart cans, or, is it to be placed in warehouses against a possible later need only to have it settle to the bottom of the cans, solidify, and become valueless; and did this purchasing officer make any check on the various warehouses and storage places to ascertain the amount of paint now on hand?

"Incidental to some of the major items, the press a few days ago listed other Army purchases, including 100 pipe organs at a cost of $1,500 each, 600,000 pounds of black pepper, 13,000,000 can openers, 2,000,000 gallons of insecticide, 22,000,000 pairs of boots, 58,000,000 yards of cotton webbing for belts, enough to put a belt completely around the world at the Equator, with sufficient surplus to give every man in the armed service a belt for each day in the week and two for Sunday."

Savings: Amount unspecified.

Source: Mr. Regan, Representative from Texas, Congressional Record, February 28, 1951, p. 1755.

"...A review of the past 13 weeks discloses that the Defense Department has contracted to buy fabrics, clothing and articles of personal equipment at a total cost of approximately $605,000,000."

"This week the defense departments will place awards for 3,400,000 gallons of antifreeze. Ordinarily this would suffice for 1,750,000 automobiles. It will take over 100,000 steel drums to hold this quantity of antifreeze. Why this rush to make this big award with spring at hand? Congress must be kept informed."
"Two weeks ago the Navy let contracts for 1,935,490 gallons of liquid insecticides. The cost was a mere $1,710,394. However, it would take approximately 40,000 steel drums to hold this quantity of insecticide, and 5 freight trains of 50 cars each to haul it to the warehouses, where it would have to be stored.

"On the same day that these awards were announced, it was revealed that the Navy also purchased 4,031,000 cans of insecticide and 587,000 pounds of insecticide powder for a combined cost of $770,000. Is there duplication there?"

Savings: Billions of dollars.

Source: Mr. Vursell, Representative from Illinois, Congressional Record, March 5, 1951, pp. 2008-2009.

* * * * *

EQUIPMENT

"...in the Philippines...trucks were bought for $200 or $300 each, brought back into this country and sold to a Government agency for $3,500 each. Now this instance has just recently taken place."

Savings: Amount unspecified.


* * *

"...The...item calls for $25,000,000 to assist the military in their salvage and scrap program, and the selling of equipment which they no longer can use...this particular item was not even studied by the subcommittee..."

"...We have been conducting a program trying to encourage the military to utilize more and more of their surplus property and have less for salvage and scrap. The three branches, the Army, the Navy, and the Air Force have assured us they are going along
with that program. Judging from the items, it is true that the Air
Force is. In 1951 they had a budget of $4,900,000. This year they
have cut it to $3,300,000. On the other hand, the Army has done nothing
about it. They had $10,000,000 last year and they are asking for
$10,000,000 this year. The Navy, on the other hand, is increasing its
budget from $1,792,000 to $4,000,000, an increase of over $2,000,000.

"So, applying the formula that the Air Force has used to cut
back its program, which they should do in the name of economy, we ac-
tually would be saving the difference between $10,000,000 and $6,000,-
000 for the Army. Cutting the Navy back from $4,000,000 to the $1,000,-
000, which would be a similar cut, based on what they had spent in 1951,
and we have a total of $7,000,000 of saving to add to the $8,000,000
that the military admit they do not need.

"That is the basis on which I have proposed cutting this
figure from $25,000,000 to $10,000,000. It is a program that the
armed services themselves say they will embark upon, and I suggest
that the Congress implement that program by cutting this item."

Savings: $15,000,000.

Source: Mr. Curtis, Representative from Missouri, Congressional
Record, August 9, 1951, p. 9965.

* * *

"...Under the items which include funds for this purpose
expediting production, the military asked for a total of approxi-
mately $3,000,000,000 to purchase tools, equipment and machinery to
which the Government will hold title, but which will be used by the
contractors in producing for the various branches of the military
service. It is also going to be used to build or to rehabilitate
Government-owned plants primarily for the production of highly class-
ified items."

...for machinery which is useful in peacetime, such as
heavy presses, lathes, drills, and so forth, we need not spend so
much money. Rather, we can provide incentive to concerns through
direct loans and accelerated amortization tax certificates. The
same holds true for plant construction.

"After the last war a great deal of this equipment for which
we spent a total of $7,500,000,000 was sold at ridiculously low figures
to the industrial concerns which had used them during the war. Certain-
ly some of this equipment must still be in existence, but this is a
proposal to spend $3,000,000,000 more."
"When this question was submitted to the House, the House Appropriations Committee made a 10-percent cut in the budget request of approximately $1,100,000,000 for this purpose for the Army, but it did not make a corresponding cut in the one-billion-eight-hundred-million-odd dollars requested for the Navy and Air Force...."

"I cannot see how our holding back 10 percent on these appropriations will appreciably reduce the number of aircraft produced...."

"...In that process $183,000,000 would be saved."

Savings: $183,000,000.

Source: Mr. Douglas, Senator from Illinois, Congressional Record, September 12, 1951, p. 11418.

* * *

"...A colonel over in the European command on his own initiative, stuck his neck out, you might say, 'volunteered.' His thought was accepted by the theater commander, and on September 15, attempt was initiated to recapture a lot of the property which was war-generated, still usable and in the hands of a German agency. I'll give you an idea, one depot of 14 such depots—if you drove along any German road you couldn't miss them—this depot contained about 13,000 trucks. These trucks were purchased by various surplus men in America...Now in Kitzingen Depot, these people sold these trucks into the hands of the surplus dealers, who imported into the United States. After their import they were repaired by the surplus dealers. Who bought them? The Detroit Ordnance, who in turn might conceivably give them to you folks to be shipped back. The net loss to the Government might thus run into a sizable amount. When this is multiplied throughout the world you can see what happens...."

Savings: Amount unspecified.


* * *
"...The same story happened in the Philippines. The Philippine Government which didn't exercise very stringent controls on this material left there for national rehabilitation. Trucks were sold for let's say $200, imported into the United States, reconditioned for about $600. The Atomic Energy Commission paid $3,500 for them. Then these importers dispose of the remainder of them. The original cost of the trucks was $15,000 apiece. They had been reconditioned so that there was a net outlay of approximately $1,500 on the part of the surplus dealer. He sells them to the Atomic Energy Commission for $3,400 to $3,900 and then after that, he disposes of his remainder to the general public for approximately $5,500. So when these stories get into the press the general awareness of the public is quickened and they begin to wonder. They ask, is the Army Reorganization Act which was passed, which all of them should know about, yielding into the technical services a keen consciousness of the tax dollar?"

Savings: Amount unspecified.

Source: Mr. Kennedy, Representative from Massachusetts, in Hearings before the Subcommittee of the Committee on Expenditures in the Executive Departments, House of Representatives, 82d Cong., 1st Sess., Field Conferences on Federal Supply Management, (Military and Related Activities), pp. 131-132.

* * *

"Mr. Scriver. The Navy is a coordinate branch of our military forces. Why could the Army not be cooperative with the Navy? It does not stand to reason that the Air Force can get jeeps for $2,683, and the Army, $2,702, and the Navy, $2,669. I believe the Navy said there was a winch on theirs, but the Navy told us that they did not require this waterproofing and some other things that were on the standard Army jeep, too, but they told us that the Army said that they could not break an assembly line just to give them the jeeps without that on there."

* * *

"Now, will you /colonel Kauffman/ communicate with your sister services, the Navy and the Army, and get us an explanation for the record, of this situation which we have developed here?"

* * *

"(The information requested is as follows:"
The comparative costs of the truck, \( \frac{3}{4} \)-ton 4 by 4, popularly known as the jeep, as included in the fiscal year 1952 budget estimates, are as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
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<tbody>
<tr>
<td>Army</td>
<td>$2,702</td>
</tr>
<tr>
<td>Navy</td>
<td>$3,069</td>
</tr>
<tr>
<td>Air Force</td>
<td>$2,683</td>
</tr>
</tbody>
</table>

The Navy jeep price includes a winch whereas the Army and Air Force jeep does not. The three services include concurrent spare parts and first destination transportation in their prices, and all jeeps have the same specifications, with the exception of the Navy winch.

The Army price is \$19 higher than that of the Air Force for the same comparable equipment. This is attributable to the fact that the Air Force price is understated, based on latest price quotations from the manufacturer. It will cost \$2,702 delivered for a jeep without winch and with concurrent spare parts, and \$3,069 for a jeep with winch. Therefore, within the funds requested for fiscal year 1952 the Air Force for jeeps, it will be able to procure a quantity of 1,572 only instead of the 1,583 requested.

"Mr. Scrivner. From this price it is quite evident that they can make a saving. This price is much lower."

Savings: Amount unspecified.


"I have examined some of the items being procured for the office forces. Among the interesting items was the purchase of wooden office chairs at a cost of \$14.70 each; desks by the thousands for over \$60 each, and more recently steel filing cabinets at a cost of over \$100 each.

"Last week the Navy purchased 170 steel desks from Nelson-Thomas & Co., 1125 First Street, San Diego, Calif., for \$33,672. This means each desk cost the taxpayers \$198.07."

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"The Chicago Quartermaster Depot last week bought 2,582 wooden general office desks from Avalon Products, Inc., Los Angeles, Calif. for $202,064.94 or an average cost of $78.25 each.

"Why in an emergency must we buy so much expensive furniture and office equipment?"

Savings: Amount unspecified.

Source: Mr. Vursell, Representative from Illinois, Congressional Record, March 5, 1951, pp. 2008-2009.

* * * * *

LANDS AND STRUCTURES

"There is one item in the bill for a camp in my district where the Government proposes to take large acreages of land from farmers...the Government now owns within 1 mile...of where they intend to construct this railhead facility, approximately 100,000 acres of land. Now I have asked the War Department to use its own land. I asked the Committee on Armed Services to have the War Department look into using its own land, land that the Government owns...and we could at least save that amount of land."

Savings: Amount unspecified.

Source: Mr. Abernethy, Representative from Mississippi, Congressional Record, October 10, 1951, p. 13153.

* * * *

"After the hearings on Military Public Works projects had been completed and careful consideration given to the presentations made the committee was of the opinion that the estimates had been hastily made and were to some degree excessive. Upon the facts thus considered the committee recommends a reduction in the request in the amount of $357,070,950 in the belief that by more careful review and better management the construction items for which request was made can be accomplished with the funds herein recommended."
Savings: $357,070,950.

* * *

"The second appropriations bill is for construction of new installations. It proposes to scatter tens of millions into the building of various Army camps, of airfields, and of other facilities. The armed services ignore the fact that less than six short years ago we had sufficient installations to train more than 15,000,000 men to win World War II. Yet, today we are asked to build scores of new installations while so many of the established ones are abandoned and allowed to grow over with weeds.

"In my own State of Indiana there are two fine air bases that have been abandoned. I do not want at this time to ask for any favors for my own State, but across the river in Illinois is located one of the really fine airfields of the Nation—George Field. It was constructed at a cost of many millions of dollars. Adequate housing is available. If needed, the airplane runways can be extended to any desired length. Yet in the planning of the armed services groups this field is to be ignored and abandoned with scores of others."

Savings: Millions of dollars.
Source: Mr. Bray, Representative from Indiana, Congressional Record, August 16, 1951, p. A5434.

* * *

"Then there is an item of $16,000,000 for the building of more armories for the National Guard. Mr. President, I submit that it is not needed. We have called up most of the organized reserves anyway. There will not be much enthusiasm on the part of men to join the Organized Reserves after what has happened in Korea. The National Guard already has armories. The chief function of the additional armories would be to provide a drill hall one night a week for the Organized Reserves, if we could get them, and to provide a place at which to hold the Jefferson-Jackson Day annual dinner in the locality, to raise money at $100 a plate."

Savings: $16,000,000.
Source: Mr. Douglas, Senator from Illinois, Congressional Record, September 10, 1951, p. 11324.
PROCUREMENT

"One of the most fertile fields for economy is in procurement costs. The committee feels that all the services should scrutinize procurement policies and seek to get a dollar in value for each dollar spent. The committee deplores the practice, information of which has recently been made public, of improper relations between procurement officials and representatives of firms from whom they procure millions of dollars worth of equipment, and so forth."

Savings: Amount unspecified.


"For example, with millions of pounds of Government-owned butter and eggs stored in caves around the country, it recently was disclosed that the Quartermaster General has been contracting to buy butter and eggs on the open market at current high prices, there was no effort at cooperation between the Army and the Commodity Credit Corporation, which has been selling these same foodstuffs at a nominal sum or, in some cases, giving them away. Proper liaison between Government agencies would have prevented this inexcusable waste of public funds."

Waste: Amount unspecified.

Source: Mr. Grumpacker, Jr., Representative from Indiana, Congressional Record, April 5, 1951, p. A1893.

"...if we go through the budget we shall find some interesting items under what is termed 'expediting production.' They total approximately $2,242,000,000, $1,100,000,000 for the Army, $732,000,000 for the Navy, $1,109,000,000 for the Air Force. What are these items? They are to be used to buy tools and equipment and machinery, to which the Government will hold title, but which will be used by the contractors in producing articles for the military. It is also to be used to build or to rehabilitate Government-owned plants, primarily for the production of highly classified items."
"I desire to emphasize that these appropriations of nearly $3,000,000,000 are over and above any help which the contractor might get through (a) accelerated amortization, (b) a guaranteed V-loan, through section 301 of the Defense Production Act, or (c) a direct loan from the RFC."

"An analysis of the figures for the Air Force alone shows that the estimate of obligations for facilities and equipment under the term 'expediting production' for the fiscal years 1951 and 1952 amount to $1,889,000,000. But the firms receiving this equipment from the Air Force for the production of Air Force items were also receiving $1,915,000,000 worth of certificates of necessity for accelerated amortization and loan guarantees amounting to $187,796,000, plus some small direct loans."

"After the last war...the equipment was sold and plants were sold to private companies for a song—for very, very small amounts. The Government took a beating to the extent of billions and billions of dollars...."

Savings: $2,942,000,000.

Source: Mr. Douglas, Senator from Illinois, Congressional Record, September 10, 1951, pp. 11317, 11318.

"...in the City of Oakland, Calif., there was an Army medical depot and a Navy medical depot. The Navy depot utilized only two-thirds of its space. The Army depot utilized only 53 percent of its space. In the Army, with an inventory of $8,150,000 the operating costs were $695,000, or a percentage rate of about 8½ percent. The Navy, with an inventory value of $13,367,000, had operating costs of only $776,000, or about 5¾ percent...."

"The staff director of the Senate Committee on Expenditures in the Executive Departments approved a report which stated:"

"Should the committee believe that action is feasible at this time, savings could be effected in the following respects:

"1. A substantial reduction in manpower and public funds.

"2. Savings could be effected in procurement, and the elimination of excess inventories.

"3. Hoarding of material could be reduced."
Elimination of one agency competing against another for the same items of supply.

Reduction in the cost of crating, packing, and handling of supplies.

Freight and transportation costs could be reduced materially.

Coordination of warehousing facilities under uniform cataloging could reduce storage space for other purposes.

Savings: Amount unspecified.

Source: Mr. Douglas, Senator from Illinois, Congressional Record, September 10, 1951, p. 11321.

There is need for greatly improved programming of military procurement. The subcommittee noted in its field surveys that large quantities of coffee, black pepper, rope, wool, clothing, and other soft goods were being bought to fulfill stated military requirements without any serious regard for the impact of these tremendous purchases on the civilian economy. When military procurement officers in the field received orders to buy, they went out and bought—frequently during periods of unusual scarcity and unfavorable seasons, at greatly inflated prices, and in competition with other military and civilian agency buyers.

Recommendations:

Large-scale activities in the field of military procurement should be improved through a realistic balanced program of schedules of purchase based on advance planning and prior determination of requirements. Purchases should be so distributed over fiscal periods and geographical areas as to afford phased production and adequate warehousing geared to seasonal industries wherever they are affected. When practicable, purchases should be made for direct delivery from supplier to point of use to avoid excessive cost of Government warehousing and transportation and to utilize to the fullest, existing commercial facilities.

Greater use should be made of single-purchase assignments wherein one service procures all items of a particular type or class for all departments. There should also be maximum effort in the form of joint and pooled operations with respect to all aspects of supply management.

A realistic program of priorities in purchasing should be established and made operative at the Department of Defense level so that procurement can be geared to allocating materials, facilities, and manpower in keeping with the relative importance of the various
programs for the national defense.

"Efforts to improve the supply accounting systems of the military departments should be speeded up in the interest of achieving efficient supply management."

Savings: Amount unspecified.


* * *

"Army technical services

"Progress in supply coordination is not satisfactory among the technical services of the Department of the Army. There is competition in buying, overstocking, excessive use of personnel, space, and facilities, inflated costs and unnecessary burdens on industry, and further disruption of the civilian economy.

"Recommendations.--

"The Quartermaster Corps should be made responsible for the procurement and distribution for the Department of the Army and Department of the Air Force of all common-use items not supplied by General Services Administration. These functions should be closely coordinated with those of the Bureau of Supplies and Accounts, Department of the Navy, and the General Services Administration.

"The Secretary of Defense should designate an appropriate office to determine additional items for inclusion under the category of 'common use' within and among the military departments."

Savings: Amount unspecified.


* * *
"...an intolerable situation is developing with respect to the awarding of contracts for defense material. A few days ago my colleagues from Iowa joined with me in protesting the awarding of contracts for certain strategic machinery without giving any consideration to the lowest bidder. Today I find another situation even more deplorable. A contractor at Ottumwa, Iowa, submitted bids for certain important machinery after he had had samples of his work inspected and his plant approved and now finds that while his bid is approximately 50 percent lower than that of the successful bidder, yet the contract was awarded to a concern at a tremendous cost to the Federal Government. On this basis the whole preparedness effort will be vastly more expensive than it should be...."

Savings: Amount unspecified.

Source: Mr. LeCompte, Representative from Iowa, Congressional Record, March 12, 1951, p. 2351.

* * *

"Mr. Lovett. "...We have just completed some rather interesting studies on both the amount of time between the placing of an order and the end item and the amount of time between authorization and a firm contract. We have brought in a number of engineering firms from the outside to make that type of study.

"Some economy I think can be made in the field of management in an internal sense in the Department itself, but I believe that close supervision, close review of schedules and production and our plant inspection system is perhaps the surest security that we have against the extravagance of cost of any of these things. They are unusual items. Now, where it is a common item in civilian life there, of course, we have an absolute check."

Savings: Amount unspecified.

Source: Mr. Lovett, Secretary, Department of Defense, in Hearings before a Subcommittee of the Committee on Appropriations, 82d Cong., 1st Sess., Department of Defense Appropriations, for 1952, Part 1, p. 19.

* * *

"The Procurement Subcommittee of the Armed Services Committee of the House has held extensive hearings on the procurement procedures of the armed services..."
"...the subcommittee finds in many contracts that millions of dollars are being wasted in defaulted and delinquent contracts, to say nothing of frittering away of the time of Government employees, both uniformed and civilian, who are spending their time in doing the work which contractors are paid to perform..."

Savings: Millions of dollars.


* * *

"...in one important defense area...they are paying painters $30 a day and they are taking the painters from all around the area;...there is exorbitant cost and waste and hoarding of manpower throughout this entire area, and that doubtless is going on all over the Nation. That is why I reiterate that we ought to adopt better business principles and hire the men necessary to give the Congress the information it needs. Such action followed through would save our taxpayers billions of dollars..."

Savings: Billions of dollars.

Source: Mr. Vursell, Representative from Illinois, Congressional Record, October 10, 1951, p. 13167.

* * *

"...it was pointed out in one instance that the unit cost of planes in one country was very much more than the unit cost of the very same plane in another country. The witness consulted the department and came back the next day with the report that an error had been made; but he said not to worry about it because it would permit not the reduction of the appropriation, but the provision of more planes than had been requested." 

Savings: Amount unspecified.

Source: Mr. Wigglesworth, Representative from Massachusetts, Congressional Record, October 11, 1951, pp. 13273-13274.
SUPPLY MANAGEMENT

"The studies and reports on military supply and procurement and military surplus property made by the Bonner subcommittee of the Expenditure Committee...show the waste to be in the billions of dollars. Anyone who is presently serving in the Armed Forces knows firsthand instances of unnecessary waste and inefficiency..."

Savings: Billions of dollars.

Source: Mr. Curtis, Representative from Missouri, Congressional Record, June 22, 1951, p. 7130.

"Pending the development of a fully integrated medical supply system for the Department of Defense, in the Department of the Navy all medical supply functions should be transferred immediately to the Bureau of Supplies and Accounts; in the Department of the Army, to the Quartermaster Corps.

"Medical supply missions in the fields of military procurement and distribution can be adequately administered by civilian personnel aided by a small medical advisory service group.

"Medical requirements presently under consideration for civilian defense will place a heavy burden on the small group of manufacturers concentrating on this type of supply. On the basis of prior planning, total Government requirements, both military and civilian, should be scheduled in such a way as to permit orderly production.

"A realistic plan of across servicing of medical supply should be initiated at once as an additional step toward integration in this field."

Savings: Amount unspecified.

"There is no justification for disposing of usable property at a fraction of its value, when great quantities of the same or similar items are being purchased in other Government activities. The subcommittee has evidence of such practices in the case of military equipment transferred to the German Government which was later imported into the United States and resold to Government agencies.

"Evidence of inadequate administration and abuse of the sale-exchange features of Public Law 152, Eighty-first Congress, have come to the attention of the subcommittee. There is reason to believe that valuable equipment is being exchanged and being held for exchange when it should be further utilized by the Federal Government. The sale-exchange features of the law merit closer scrutiny by the General Services Administration.

"Recommendations,"

"In the utilization of military property, improved standards for screening as to what constitutes salvage, as well as more exact standards for determining replacement of military equipment, should be instituted by the Department of Defense.

"The Munitions Board should immediately examine the use that is being made of military warehouse and office space. There is no justification in utilizing valuable space for the storage of obsolete or inactive records, supplies, and equipment."

Savings: Amount unspecified.


* * *

SURPLUS PROPERTY DISPOSAL

"At the end of World War II, as a part of the general demobilization, the Government proceeded at a great pace to get rid of so-called war surplus. A total of $27.2 billion of property of all kinds was declared surplus under the surplus property laws. Of this amount, $15.7 billion, on the basis of original cost, was sold for $1.3 billion. Of the rest, $11.1 billion was transferred under authority of law to schools, municipalities and the like; $0.3 billion is on lease; and $0.1 billion is held in inventory pending further legislation."
"By July 31, 1950, it was evident, at least to this sub-committee, that current surplus disposal practices were dangerously out of date. The dark days of the Korean crisis were at hand, and the country had to start on a great program of remobilization. Yet the subcommittee, born of that crisis, soon found a number of instances in which plans were going ahead for the surplus sale of Government-owned property which appeared to be essential to our current mobilization needs...."

"...at least five plants which are part of the National Industrial Reserve have been sold or have been in process of sale since the Korean crisis. It further appears that one of these, an alcohol plant in Kansas City, Mo., is in process of being sold without a national security clause but with a guaranty by the purchaser to rehabilitate the plant as expeditiously as possible in order to place it in condition to produce ethyl alcohol."

"...Government-owned property having a defense potential should not be sold as surplus if there is any foreseeable governmental use for such property. The Secretary of Defense has expressed agreement on this point, but on the basis of talks with his subordinates we have not been satisfied that adequate screening steps are being taken to prevent the surplus sale of the same kinds of material that the Defense Department is now buying or will be buying in the near future."

Waste: Amount unspecified.


OFFICE OF THE SECRETARY OF DEFENSE

SALARIES AND EXPENSES

"Mr. Nuhon. We are at the beginning of the fiscal year and you have not employed these people whom you are requesting and the chances are that you could not employ them overnight. I do not see how you can figure on $5,100 a year for those for whom you are requesting funds for the fiscal year 1952 program."
"Mr. Loftis. The dollar computations...are based upon the equivalent full man-years of personal service and not upon the year-end strength. It is not an arithmetical multiplying of the number of people who would be on the rolls times $5,100.

"Mr. Mahon. If you asked for 400 new people as of July 1, 1951, and you expected to pay them $5,000 per year apiece, that would be $2 million; and if those were eliminated, a reduction of that order could be made?"

Savings: Approximately $2,000,000.

Source: Mr. Mahon, Representative from Texas, in Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 1st Sess., Department of Defense Appropriations for 1952, Part 1, p. 102.

* * *

Item | Proposal
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"Military Services" For those below a specified age, say 60, who are not retired for physical disability, pensions might be reduced. Some pension may be necessary because of need for keeping Armed Forces young. If pensions of persons now retired are to be reduced, a requirement for reapplication for pension would be necessary.

"Pensions: Members of the Armed Forces can in some instances retire after a specified amount of service, sometimes as little as 20 years. A man who gets out in his forties can often earn a good income in addition to his pension, toward which he contributed nothing.

Savings: $265,000,000 (as shown in table in source).


* * *
"This practice of retiring military personnel with pay during an emergency, despite the fact they are fully qualified for further duty, is a waste of money and manpower, since it not only requires two men to fill one job, but it also places both of them on the Federal payroll."

... ... ...

"Assuming that the Armed Forces will retire personnel at the same rate as during the period from June 25, 1950, to March 1, 1951, one can readily see that if my bill, which provides a 3-year moratorium on nonphysical retirements, should become law, the American taxpayers will be saved $2,723,613.21 in a 36-month period.

Savings: $2,723,613.21 in a 36-month period.

Source: Mr. Van Zandt, Representative from Pennsylvania, Congressional Record, May 11, 1951, p. A2862."
DEPARTMENT OF THE ARMY

PERSONAL SERVICES

"...the lower entering strength for the fiscal year 1952 will probably result in fewer man-years being developed during fiscal year 1952, and consequently result in a saving in dollars."

"...there can be made in the Army budget a saving of approximately 19,378 man-years, or a dollar savings of approximately $38,111,000. This saving can be made without any detriment to Army programs as we see it at this time."

Savings: $38,111,000.

Source: General Decker, Chief, Budget Division, Comptroller of the Army, in Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 1st Sess., Department of Defense Appropriations for 1952, Part 2, Department of the Army, p. 1085.

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"...although we are engaged in what is certainly only a minor war, comparatively speaking, there are in the Pentagon employees in administrative positions in the ratio of 1 to 100 now as compared with 1 to 500 at the height of the greatest war in human history...."

...there is overstaffing at the Pentagon...

...what I am trying to do is to cut out one of the major diseases of the military system, which is the tendency to expand personnel in the upper echelons. The amendment to reduce civilian personnel in the Department of the Army at Washington, D. C., by 5% which I suggest would save about $3,354,000 - peanuts, to be sure, but it would release over a battalion. The amendment would affect civilian personnel, and its adoption would mean the release of the equivalent of over a battalion of people to more productive service."

Savings: $3,354,000.

Source: Mr. Douglas, Senator from Illinois, Congressional Record, September 12, 1951, pp. 11416, 11417.
"...There is a kind of work in the support of the armed services that can better be done by civilians at less cost to the Government. You can employ women and you can employ men who are classified as unfit for military duty, and they can do that work entirely satisfactorily. Certainly there ought to be included in this report, when it is made, a statement of the difference in actual cost to the Government as between using military personnel, including their pay and allowances, and the benefits that accrue to a person who is in the military service, the ultimate benefits, pensions, and all that sort of thing, as compared to employing civilians. I am sure you will find in the end that the taxpayers save money by employing the civilians."

Savings: Amount unspecified.


SUPPLIES AND MATERIALS

"...The Army has purchased a total of 68,000,000 can openers since the start of the Korean campaign one year ago. There are about a million and a half men in the Army.

"Army Ordnance recently purchased 6,000,000 gallons of paint in quart and gallon cans. This was a full year's requirement, but the Army sought delivery in 60 days. This huge order for paint in civilian-size cans, rather than in 5-gallon cans, was criticized by paint suppliers, and admitted as unwise by the Army.

"The Army set up a requirement of 4,636,000 web belts for the year 1951. This is three belts per man, although only one is issued per man per year. Its 1951 requirement for combat boots was set at 11,753,000 pairs, although the total consumption was estimated at 4,800,000 pairs.

"During the nine months from July 1950 through March 1951 the Quartermaster Service bought 1,917,000 pounds of black pepper."
"Last January the Quartermaster Service bought 5,000,000 pounds of oleomargarine at 25½ cents a pound. At the very same time the Department of Agriculture was selling 5,500,000 pounds of surplus butter to Italy for 15 cents a pound.

"Military 'scare' buying not only precipitates general shortages of consumer goods, but naturally forces up the price of goods thus bought. For example, since June 1950 the price of army blankets has risen from $7.82 to $16.00 each; combat boots from $6.03 to $11.63 per pair; army mattresses from $7.83 to $13.42 each; winter drawers from $1.55 to $4.15 per pair, and so on down a long list."

Waste: Amount unspecified.


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"Where does the idea come from that you need all this pepper? Pepper is just an example. There is coffee in there, too. They say you all have got enough coffee to take care of an Army of 10,000,000 men. These are accusations that they carry in the papers. They are none that we are making. We are trying to clear this up and get an understanding. Do you all have a lot of coffee in storage?"

Savings: Amount unspecified.

Source: Mr. Carl T. Curtis, Representative from Nebraska, in Hearings before the Subcommittee of the Committee on Expenditures in the Executive Departments, House of Representatives, 82d Cong., 1st Sess., Field Conferences on Federal Supply Management (Military and Related Activities), p. 23.

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OFFICE OF THE SECRETARY

Civilian Relief in Korea.

"...when anyone says or attempts to say that the military budget is untouchable, that simply is not so."

"...in connection with the brief examination we made of the military items, one item alone which stood out was for $100,000,000 for relief in Korea. For whom was that relief to be provided? It was in substantial part for the relief of the North Koreans, whom we were fighting, and who were killing American boys day by day; and included in that amount were items for such things as rebuilding municipal electric-light systems or rebuilding various building projects in North Korea. We even found included in that total an item for the purchase of diapers for North Korean Communist children. Those were actual items in that budget request.

"So...when we find such items as that included in a military budget, I say it is not an untouchable budget; and therefore we can well survey the entire situation. I have cited that case only as an example. I believe, therefore, that the budget this year should have the personal attention of every Senator."

Savings: Amount unspecified.

Source: Mr. Bridges, Senator from New Hampshire, Congressional Record, February 12, 1951, p. 1234.

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GENERAL STAFF

Inter-American Relations.

"...I doubt the need for having quite as many members on some of these missions as we sometimes find in the various countries. It is a matter that should be studied by the military in an effort to reduce the number. I am convinced in my own mind that the cost has not always been justified, judged by the results...I do hope you will take it up with somebody with a view to perhaps getting down a little bit more toward the earth in some of our missions, particularly as they relate to size. It could result in some substantial savings in the budget."
Savings: Amount unspecified.
Source: Mr. Scrivner, Representative from Kansas, in Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 1st Sess., Department of Defense Appropriations for 1952, Part 2, Department of the Army, p. 1069.

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FINANCE CORPS

Finance Service.

"The committee recommends a reduction of $9,000,000 in the request for travel funds on the basis that the need for travel is not sufficiently policed and that reductions can be made if better management is applied to the expenditure of these funds."

Savings: $9,000,000.


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QUARTERMASTER CORPS

Quartermaster Service.

"The committee recommends an over-all reduction of $20,351,000 in this request for appropriation because of the necessity for greater economy in procurement of items such as office furniture, various types of equipment and supplies and through the reduction of a number of personnel."
Savings: $20,351,000.


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"The appropriation, Incidental Expenses of the Army, for which $198,214,000 is requested is to provide the operating personnel for the Quartermaster service; disposition of remains; incidental operating expenses; chaplains' activities; recruiting expenses; education of dependents, and research and developments.

"...The reduction of $2,000,000 has been made with the thought that greater economy in operation could be achieved and that this amount can be saved through better management.

Savings: $2,000,000.


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"...to point out an example, take this military procurement program. We are not making a plea for additional funds because we save money, but as a matter of fact under our program, we have run into case after case after case where we have shown the military where we could get the items for less. In one case, in Iowa, we saved them $130,000. That happens frequently on the basis of our continuing checks on these contracts in connection with our hearings. We found a case, for instance, where a grill that the Quartermaster Corps was buying normally sold for $19.95. The Quartermaster Corps was buying them for $51 a piece. We found examples of demineralizers, where they were paying well over the price that they could get them from other manufacturers. They were buying water purification tablets. They had been buying them under an advertised-bid basis at approximately 4 cents a bottle. Then they went over and made a negotiated contract with one manufacturer and started to pay six cents a bottle. That involved three million bottles, and the total loss to the Government was quite heavy.

Savings: Amount unspecified.

Source: Mr. Henderson, Staff Director, Senate Small Business Committee, in Hearings before a Subcommittee of the Committee on Appropriations, Senate, 82d Cong., 1st Sess., Legislative Appropriations, 1952, p. 99.
Clothing issue for the trainee at Fort Jackson was generally good, although there were shortages of various items all the time. One day it might be jacket, OD, and the next day it might be combat boots. Many substitutions had to be made. For example, many men initially received footwear other than the standard issue. There were not enough overcoats to go around and as an expedient all overcoats were held in company supply rooms and issued for training as needed. The shortage of clothing apparently was not the fault of the local command, but was due to the failure of central supply sources to fill requisitions submitted by the post. Even though there was no real hardship due to this condition, it did make for a loss of time both to the trainee and administration personnel. Also the issue of substitute items that had to be altered was costly in dollars and manpower.

Waste: Amount unspecified.


This problem of cooperation, or lack of it, was highlighted early this year by publicity quoting a Department of Agriculture official who accused the Army of wasting taxpayers' money in purchasing dried eggs for troop rations. The release stated that the Army was paying $1.39 per pound for dried eggs for troop rations on the open market when it could get better eggs from Government-owned stocks for $1.17 a pound.

Savings: Amount unspecified.

"A few days before the end of fiscal 1918, the purchase list of the Army Quartermaster's office in Chicago included nine tablecloths and three dozen napkins, $267.45; one white rayon (woman's) slip, $16.25; one white nylon slip, $48; one (woman's) bathing suit $16.50; all for 'experimental purposes.'

"The napery dressed tables at which high brass, of this and other countries, sampled the Quartermaster's new rations. The Army saw no incongruity in using $267 worth of linen as a background for testing field rations. Nor was it embarrassed that a WAC in a $48 nylon slip would be a very well dressed WAC indeed.

"Another year-end order from the same office listed $219,646.93 for athletic equipment, including 2,624 golf clubs, 30,000 golf balls. Another purchase order was for 15 sets of fishing tackle at $520 each."

Waste: Amount unspecified.


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"This is an item that kind of struck me. You seem to be playing up to the ladies. You have nurses' quarters furniture, $765 a set, and bachelor officers' quarters furniture, $110 a set. How do you get that way? I recognize you have to play up to them some, but that sounds a little like soaping them up pretty liberally."

Savings: Amount unspecified.

Source: Mr. Taber, Representative from New York, in Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 1st Sess., Department of Defense Appropriations for 1952, Part 2, Department of the Army, p. 279.

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SIGNAL CORPS

Signal Service of the Army.

"After careful consideration of the requirements of the Signal Corps the committee recommends a reduction of $30,000,000, of which $15,000,000 is to be applied against estimated civilian personnel requirements, and the remaining $15,000,000 against the procurement and production program. Testimony before the committee indicated that the Signal Corps had on the payroll as of June 30, 1951, 37,884 civilian employees. The request contained in the budget estimated 49,509 man-years of civilian employment for fiscal year 1952, an increase of 11,625 over the ending strength for fiscal year 1951. The committee is aware of the heavier workload and the particular need for additional inspectors to keep abreast of the procurement program, but due to failure to recruit the personnel anticipated by June 30, 1951, the committee is of the opinion that with a more realistic program brought about by rescheduling of proposed procurement deliveries and the exercise of careful management over civilian employment a reduction below the budget estimate of 3,000 man-years of civilian employment can be made without injury to the program."

Savings: $30,000,000.


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MEDICAL SERVICE, MEDICAL AND HOSPITAL DEPARTMENT

"There is, also, a clear indication from our investigation that some physical examinations by preliminary examining agencies supplying trainees to Camp Chaffee are either too perfunctory or totally unrealistic. These agencies should keep in mind that sending an unqualified man to the Army causes an inevitable great waste of money and time by the military and is most unfair to the man himself."

Waste: Amount unspecified.


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CORPS OF ENGINEERS

Engineer Service.

"The committee recommends a reduction in this request for appropriation [Engineer Field Training] in the amount of $35,000,000, of which $20,000,000 shall be applied against the estimated civilian personnel requirement. The budget estimates contained funds for an average number of 88,683 civilian employees, and there was on the payroll as of June 30, 1951, 72,197. An increased number of personnel will be required during the year, but in the opinion of the committee the estimated requirement may be reduced by some 6,000 man years of employment without injury to the program. An additional reduction in the sum of $15,000,000 is recommended to be applied to the various items under the appropriation, it being the opinion of the committee that such reduction can be accomplished through better management, and rescheduling projects without injury to the program."

Savings: $35,000,000.


Military Construction

"From 1946 to June 1949 practically all the construction work carried out in Alaska was on a cost-plus-a-fixed-fee basis, with three reputable contractors working together in a joint venture to carry on the construction activities. Originally it was estimated that this fixed-fee contract would approximate $25,000,000. Before it was completed, however, an undeterminable amount had passed through this contract totaling over $100,000,000. The subcommittee has been unsuccessful in determining the accurate amount that was spent under this contract.

"The subcommittee is aware that this contract was canceled in 1949. Furthermore, it found no evidence of fraud or bad faith on the part of the contractors or the Government employees involved. It did, however, gather a distinct impression of loose supervision, lax administration, and poor results.

"It is quite probable that one of the causes of the high cost of construction in Alaska can be charged to the operation of the OPFF contract... This procedure was changed in July 1949"