

RESTRICTED

927

CONGRESS AND MILITARY PROCUREMENT

3 December 1952

CONTENTS

	<u>Page</u>
INTRODUCTION--Brigadier General L. J. Greeley, Deputy Commandant, ICAF.....	1
SPEAKER--The Honorable Herbert C. Bonner, Congressman from North Carolina.....	1
GENERAL DISCUSSION.....	9

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Honorable Herbert C. Bonner, Member of Congress, Representative of the First District of North Carolina, was born in Washington, N. C., 16 May 1891. He was graduated from the Graham School, Warrenton, N. C. He took part in World War I as a sergeant in the infantry and served overseas in the 81st Division. He was Secretary to Lindsay Warren from 1924 to 1940 when Mr. Warren was the representative in the Congress of the United States and succeeded him in November 1940, when Mr. Warren became Comptroller General. He has been reelected each term since then and is now a member of the House Government Operation Committee and the Merchant Marine and Fisheries Committee and is the Chairman of the Subcommittee, Intergovernmental Relations and Chairman of the Subcommittee on the Coast Guard.

RESTRICTED

RESTRICTED

929

CONGRESS AND MILITARY PROCUREMENT

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GENERAL GREELEY: You have heard the military man's ideas on military procurement. Earlier this morning, Mr. Bridenstine favored us with an interesting talk which gave the viewpoint of the businessman. Now we will hear the viewpoint of the people as a whole, the people who provide us the means to do our job.

Mr. Bonner has been a representative in Congress for more than 12 years. He is a member of the Committee on Government Operations and for several years has been Chairman of the Subcommittee Investigating Federal Supply Management. Mr. Bonner has especially observed supply management in the three military services and has traveled extensively to personally see the methods that we use. As a result, he has obtained certain conclusions on how funds provided by the people might be used to better advantage in assessing and in providing security.

Mr. Bonner has put some of these conclusions in the form of a bill which bears his name. His experience and viewpoints should assist us in a realistic appraisal of the complicated military procurement problem.

So it is with great pleasure that I introduce Mr. Herbert C. Bonner, representative from the First Congressional District of North Carolina, who will speak to us on the subject, "Congress and Military Procurement." It is a great pleasure to welcome you to this platform, Mr. Bonner.

MR. BONNER: General Greeley, faculty, and students of the Industrial College: During the last two and a half years I have seen some moments when I was blue, despondent, and discouraged. I discussed it with my associates and asked the question, whether or not we were butting our heads against a stone wall because I saw many things on which, as a former businessman, I simply could not reach any conclusion or understand why they should exist. And yet there did appear at times a spark that brought encouragement, a spark that seemed to show something was resulting from our effort, and so encouragement came.

Again, on the reverse side, these two and a half years gave me an opportunity from the seaman and private to the admiral and general, to come in contact with and associate with what I knew was the cream of American manhood. So my effort has been pleasant and the time I have spent, I am sure, to me has been profitable.

I am very grateful to the faculty for inviting me to meet with you to discuss the subject, "The Congress and Military Procurement."

RESTRICTED

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First, I want to state that, in my opinion, an industrial college for the Armed Forces is an important asset to our Department of Defense and to our national well-being. Industrial activities in the Government, and particularly in the armed services which spend two-thirds of our huge annual budget of 80 billion dollars, need the right people with the right objectives and philosophy to run them. I consider that the conduct of the business activities of the Department of Defense is a management problem of the first magnitude. The essence of management is to get the most from the least. We must have trained people to do this.

It has been said that Aristotle in the fourth century B. C. embraced most of the field of human learning. Thomas Jefferson was a learned, many-sided man. In his day, 150 years ago, he knew much in many fields. Today science has literally exploded the field of learning, and one is fortunate indeed if he can master the one segment or specialty he has chosen for his life's work. The average person needs special training and education in this complicated age. One is educated when he knows his business. The job of the educator is to select from mankind's treasure of knowledge those items needed to equip the student to take up his life's work and do it well. Such a selection of material is known as a curriculum. It has been my observation that many graduates from grade school, high school, and college are poorly equipped to do their life's work. Often they acquire knowledge of subjects which have little bearing on their day-to-day tasks. At the same time they fail to acquire certain skills so badly needed in the twentieth century by practically all people. I want to add that the acquisition of knowledge does not in itself make an educated man. To it must be added the seasoning of horse sense or wisdom through experience. Tennyson said that "knowledge comes but wisdom lingers." We need wisdom which I would define as the ability to apply knowledge to a given situation to obtain the desired result. Too many graduates from colleges can produce a paper or study that looks good and sounds good but lacks the indispensable ingredient of common sense that will make it work in a given situation. "What can be accomplished here and now in this situation" is what graduates need to be trained to do. I am sure that this practical college does much to really equip the graduates for their work.

During and since World War II, many important people have commented that in modern war the science of logistics is more difficult and important than tactics and strategy. Recently in Paris, General Gruenther stated that it was almost impossible to get the people needed for the complicated logistics work of NATO. The business of developing, procuring, stocking, distributing, and cataloging the ever-expanding list of items of modern warfare is an enormous job. Again, I want to state that I am pleased that this college is especially training individuals to grope with logistic problems in the armed services.

The Congress of the United States under the Constitution has the authority to legislate and to investigate the operations of the Government.

RESTRICTED

RESTRICTED

931

In addition to this, the Congress is specially vested with the authority to make all "needful rules and regulations" with respect to the Government's property. So Congress has a great interest in property management including, of course, procurement of things.

The Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, established the various committees of the Senate and House of Representatives. Roughly, these fall into three groups: (a) authorization, which is concerned with certain functions of government such as the armed services and agriculture; (b) appropriation committees which recommend funds to carry on authorized functions; and (c) investigation committees which determine how money is spent and how the machinery is set up and operates. The Legislative Reorganization Act, as recently amended, established committees on government operations in both Houses. I will speak only of the House committee. Its duties deal broadly with:

1. Budget and accounting measures, other than appropriations.
2. Reorganizations in the executive branch of the Government.
3. Receiving and examining reports of the Comptroller General.
4. Studying the operation of government activities at all levels with a view to determining its economy and efficiency.
5. Evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government.
6. Studying intergovernmental relationships between the United States and the states and municipalities, and between the United States and international organizations of which the United States is a member.

In essence this committee has the responsibility to investigate the operations of the three branches of the Federal Government; namely, executive, legislative, and judicial. Accordingly, it could well be called "the management committee" of the House of Representatives. The full committee is divided into five subcommittees. They are: (a) Executive and Legislative Reorganization Subcommittee, (b) Federal Relations with International Organizations Subcommittee, (c) Government Operations Subcommittee, (d) Public Accounts Subcommittee, and (e) Intergovernmental Relations Subcommittee. The Subcommittee on Intergovernmental Relations is the one over which I have the honor to be chairman.

Before proceeding to a specific discussion of procurement, I should like to make a few general statements which are always pertinent in keeping us oriented.

First of all, please keep in mind that at the present time we have a national debt of more than 262 billion dollars. This amount is roughly

RESTRICTED

RESTRICTED

932

equivalent to the total annual national output. Along with the national debt we must consider that we have an annual budget of approximately 80 billion dollars. No one knows whether budgets of this magnitude will continue for 1 or 20 years. Third, we are a have-not nation with respect to certain resources. Resources that we once thought were unlimited have proved to be otherwise.

There is another matter I want to mention briefly. Last fall our subcommittee spent a few days in Turkey. We visited Istanbul, which, as you know, was called Byzantium during the days of the Roman Empire. The great Emperor Justinian had his capital there. During those days the people of Byzantium attended the Hippodrome, or the races as we would call them today. The people attending the races became divided into two groups: the "greens" and the "blues." The feeling of factionalism between the "greens" and the "blues" constituted to the n'th degree the feeling that we sometime have in this country between the Dodgers and the Yankees, or the Army and the Navy. It reached the point where the government subsidized the races. Finally a great revolt broke out between the factions, and the government itself was threatened. Emperor Justinian prepared to abdicate; and had it not been for his more valiant wife, would have done so. Eventually the revolt was quelled with the loss of some 10,000 lives and a stop was put to the races for the time being. This story illustrates how uncontrolled factionalism can undermine national objectives and the nation itself.

About two and a half years ago, the Bonner Subcommittee received some complaints from my district in North Carolina to the effect that certain government properties were being turned over to schools under the donable program of Public Law 152, 81st Congress, in contravention of the spirit of that statute. A number of hearings were held, and the subcommittee members believed that there had been cases of bad judgment in turning over to the schools property which could have been used within the Department of Defense. Accordingly, the Department of Defense was asked to issue freeze orders on future disposals until a better utilization program could be developed. This was about the time of the Korean invasion, and, I am pleased to state that a much better job has been done since that time.

In discussing surplus property the subcommittee members soon found that one cannot disassociate the disposal program from procurement, cataloging, standards, distribution, and the other facets of supply management. The whole program is like an octopus; as you start pulling one tentacle you find that it leads to all the other parts. So the subcommittee found in its investigations that it is necessary to consider a great many matters. Its findings have been published in numerous hearings and reports with which you may be familiar.

Coming directly to the procurement program, I would like to call your attention to a statement made by President Truman to a number of high

RESTRICTED

officials in the Department of Defense, Bureau of Budget, and the mobilization agencies on 27 April 1951. He stated: "Passage of this budget will place tremendous procurement and spending authority in the hands of the Department of Defense and the three services. Again, I repeat that this is going to place a particularly heavy management job on the entire executive branch to see that we buy wisely--buy what we need, put what we buy to good use--and do the whole job in a way that does not weaken our economy."

Let's examine the President's directive to "Buy what we need." That means buy only what we need. So we are confronted with "requirements determination" which is a double-barreled gun. One barrel is amount; the other barrel is quality or specification.

But what do we need? Actually it should be net needs after considering "what is on hand." But to determine what is on hand of several million items is a tremendous accounting job. One doesn't know without an inventory. And a good inventory cannot be taken if all identical items are not added together under common identification or cataloging. This is one place where the cataloging program comes in. We in Congress, who feel firsthand the taxpayers' wrath, believe that what is in the hands of one service belongs to all services so combined inventories are needed. Isn't it absurd for one unit to sit on a large supply of a scarce item while another goes wanting?

Another important angle of "what is needed" is the controversial war reserve. It is the feeling of many Members of the Congress that the military services seek too much security by establishing heavy reserves for nonmilitary-type items. For example, testimony before the House Appropriation Committee last year indicated that the services needed a 6-month stock of coffee on hand. This was both operating needs and war reserves. We questioned the need for such stocks on the grounds that coffee is essentially a civilian-type item. The military uses only 5 percent of the coffee imported into the country. In other words there is always a substantial reserve of coffee that can be had by the services should an emergency arise. Think what it costs to depot, handle and take care of, huge stocks of many, many commercial-type items. The situation is further aggravated by the fact that quantities of valuable equipment are being stocked in the open or will have no storage space at all when the full flow of mobilization takes place within the next year; and, yet, valuable warehouse space is being occupied with large stocks of items like coffee, carbon paper, and thousands of other administrative-civilian-type items.

Buying "what is needed" also applies to the quality or the specification. Don't buy a fancy grade if a service grade will do. Don't buy special finishes, coatings, and so on, if not required. Don't order expensive overseas packing and packaging for the items to be used in the ZI. Don't buy 10, 15, or 100 varieties, or kinds, if one or a few can be made to do. Don't use special specifications where commercial specifications would serve.

RESTRICTED

934

In the research and development field, be sure that the designers and architects and planners specify standard items where feasible. This is another place where a standard catalog can be used for preventive procurement; it is a most important matter. Each designer likes to put his personality, inventiveness, and individuality into his designs. This is fine from an artistic point of view but may be nonsense from the standpoint of usefulness. You can see what it means in producing, procuring, shipping, stocking, inventorying, ordering, and so on, one more item of special design. Imagine what it means for 1,000, 10,000, or 1 million items!

A combination of atoms makes a certain substance. A different combination of the same atoms produces something else; so it is with items. A tank and a bomber have great similarities in their components--bearings, motors, wiring, switches, couplings, screws, nuts, bolts, and so on. Standardization will produce greater similarities. Careful designing will make them even more so. As a general principle of management, common things can be done in a common or unified way. Special things must be done specially. With a proper focus on the over-all good, everyone should try to seek similarities and unity instead of differences. I am afraid that many government agencies in the past have tried to be different as an excuse for independence of action and organization.

Every military man has a real concern for the safety of his country. This concern reflected in procurement often means overbuying and overstocking. It is possible that this overbuying by all the bureaus, services, and commands may lead to a degree of waste that in itself will threaten our national security. Let me develop this a bit. Secretary Stimson in his book, "On Active Service," stated that during the war the factor of economy came near to being the decisive factor. In other words, the amount of overlapping, duplication, and waste deprived the fighting men of the things they needed and almost turned the tide against us.

An Army G-4 study showed that in the European Theater of Operation one year after victory, there was as much equipment and supplies on hand as had been used during the years of the war. In addition to the vast stores in Europe, of course, were the backup stocks in the ZI at many places in the pipeline.

What is the situation today? We know that the Air Force as an autonomous agency has its own supply line. We know that the number of items in use today greatly exceed those of a few years back. The number of parts in the modern bomber greatly exceed those in the World War II bomber. In 1941 the Air Force supply numbered about 90,000 items--by the time of the Korean war the number had risen to 408,000. By July 1952 it had reached 700,000. We know that modern war is total war. The resources taken by one service and used, or not used, are not available to another service or to the civilian population which is producing food, clothing, machines, and so on, for the fighting man. In World War II the

RESTRICTED

farmer had a hard time getting machinery and parts to produce food and fiber for the front. The farmer of today is a fighting man; so is the worker in the factory and the miner in the pit.

As previously stated, we are a have-not nation for many items and are combing the earth for them. You know of the critical and strategic materials stockpiling program. Could anything be more foolish than to use these materials in a wasteful way? Again, our resources are not unlimited. Our very survival requires a prudent conservation of all our resources. Our children's lives are imperiled by our lack of prudence and foresight. Modern wars are logistic wars--wars of resources. Our potential enemy owns one-sixth of the earth's surface and controls much more. How much of extravagance, overstocking, overlapping, duplication, overspecification, which are all waste, can we absorb and still win the next war against an adversary of equal or greater resources than ourselves? It has been stated that one of our commanders, upon visiting Japan as World War II came to a close, said that he was ashamed to think that it took us so long to win. Imagine, if you can, a country of 80 million people on four islands the size of the state of California, plus the islands and other possessions that they temporarily held, holding the United States at bay for the length of time that the Pacific war lasted! May I repeat, how much of an advantage can we give to a future opponent of equal strength and resources, and emerge triumphantly? Can we give again the advantage of a Pearl Harbor which was caused by responsible officers not being on speaking terms?

Doesn't common sense dictate that we must be prepared and have what we need to be strong, using as little as possible in the process? We must not forget that the Communist attack upon us is both military and economic.

A good way to evaluate our current military procurement program is to view it from the standpoint of the vendor. The vendor is the one who feels the impact from all of the military services, civilian agencies, and civilian buyers. Lack of uniformity on the part of buyers reflects upon the amount of work and cost to the vendor. The Bureau of the Budget took a detailed questionnaire to 44 manufacturers of electronic equipment. The vendors were asked whether or not they did business with one or more military services; whether or not there was more than one set of inspectors in the plant; whether or not specifications were adequate; whether there was duplication in security rules and regulations; whether contract administration was uniform; whether standard forms were used, and so on. The answer to these questions indicated conclusively that there was great duplication and inefficiency in all these functions so far as the vendors were concerned. One vendor went so far as to say that he charged the Government several times as much as he would an ordinary purchaser because of the difficulty, confusion, and inefficiency in dealing with the Government. From the congressional point of view, there is no excuse for not having more uniformity, standardization, and unification in procurement. There is no excuse for a vendor being forced to spend additional money because of differences in methods and systems between the services.

RESTRICTED

It is realized that the root of the trouble is deep-seated; but, in view of our current peril, is it unreasonable to expect that we quickly unify and standardize where feasible?

I am confident that unnecessary impacts and demands upon vendors cause them to quote higher prices, which directly influences the inflationary spiral in which we have been caught. Overbuying, poor specifications, unrealistic delivery schedules, excessive change orders, poor contract administration, and poor inspection all cause vendors to be wary and to charge accordingly.

A much discussed Harvard paint study, which was initiated by the Munitions Board, shows many glaring weaknesses in the Navy's procurement of paint. Action has been promised to remedy the ills.

Before concluding my remarks. I wish to say a word about procurement legislation. You perhaps know that the Armed Services Procurement Regulations stem from Public Law 413, which was an attempt to make permanent certain procurement policies which prevailed under War Powers Authority. There is no question but there are certain instances where it is necessary to negotiate contracts. These instances are where it is impossible to make an adequate specification and where a competitive market does not exist. In both of the cases it is necessary to negotiate. It is, of course, necessary to buy at once when an emergency arises which will not permit a formalized advertising. To my mind, however, the negotiation authority permitted by Public Law 413 has been abused, and the services and the others coming within the purview of the act resort to negotiation when they could buy more satisfactorily under the time-honored competitive bid procedure. It must be borne in mind that every government contract "must not only be good but must look good." It is most difficult to make a negotiated contract "look good" to the general public and to a vendor who fails to get the business. It is my belief that under Public Law 413 the procurement process is asked to serve altogether too many purposes. At the present time it is not only necessary to buy at the best prices, but also to serve social, economic, labor, small business, distressed areas, distressed industries, and many other objectives. These manifold and often overlapping objectives place great responsibilities upon the contracting officer and place him in the position of making personal judgments when exact bid procedures would place awards upon a strictly objective basis. The present conflict in procurement procedure is similar to that which existed under the Surplus Property Act where some 26 different objectives were supposed to be fulfilled in disposing of surplus property.

Because of the lack of simple criteria in procurement for the officer to follow, I have introduced a bill, H. R. 6887, entitled "To amend section 302 of the Federal Property and Administrative Services Act of 1949 and section 2 of the Act of February 19, 1948." This bill would restrict negotiation of contracts except where absolutely required. I hope to get some action on the bill during the next session

RESTRICTED

RESTRICTED

937

of the Congress as I believe the vendor, the contracting officer, and the general public will profit if our procurement procedures are stated in such a way as to make the competitive bid procedure generally applicable.

Tremendous responsibility is placed upon the Industrial College to impress upon the students the importance of the procurement function. At the present time it is one of the most important functions in the Federal Government. The Way it is done will have a great effect upon our security and our economy for years to come.

To you students of the college, I want to say that you are embarked upon an endeavor of much greater importance than your salary will ever indicate. You are in a public service of prime importance and the way you do your job will have repercussions upon our security and economy now and for generations to come.

Thank you very much for your attention.

CAPTAIN HAYES: Mr. Bonner has been good enough to consent to answer questions. Before he starts, I would like to call your attention to the records of the hearings and reports of his subcommittee. He mentioned them in his lecture and I think that you people who are working on these problems will find a wealth of material in such records and reports. There is a wealth of source material, not only ideas of people concerned with this subject but you will find a lot of the directives are also included. That committee has done a great deal of work to get these included in the reports of these hearings. I think it would be worth while for everybody to study them. We will have them available in our office and we can get as many copies as you want.

QUESTION: Mr. Bonner, you made a point of the wastage of supplies in the European command, for example. Isn't that an illustration of hindsight being a little bit better than foresight? For example, with the Korean emergency today dealing with an unknown, probably we can be criticized five years from today for actions we are now taking when things are indefinite; however, they are the best plans that can be made under the circumstances.

MR. BONNER: Your observation is well-taken. I have tried to be charitable; I have tried to be fair. I made practically the same statement that you made, but the difficulty was this, sir: When the Korean emergency came, this committee had previously been looking into disposal. You might recall the transaction with the person Dawson, for example, where we gave these stocks, supplies, and all this material to the German Government. The German Government had contracted with a British citizen, Mr. Dawson. There were a lot of very questionable transactions in all the negotiation in the sale of this property. Some of this property then was going behind the Iron Curtain, or we were led to believe, or we had evidence, I might say.

RESTRICTED

RESTRICTED

938

Now, then, immediately after Korea I myself called the Secretary of the Army. We first contacted him in a formal way, asking that all materials that had been given to foreign countries or that had been given to educational institutions be frozen for screening. There was in our mind a recapture clause for emergency purposes, to be taken back by the Government under fair conditions.

Now I say we are all brothers in the same organization. It doesn't pay us to befoul our own nests too much. I made the first, the second, and the third request personally before I got the STEG equipment frozen in Germany, for over-all utilization.

We were looking around everywhere for any type of material we could get to equip the expanding Army that was necessary at the outbreak of Korea, and here were vast stocks in STEG properties in the depots in Germany and elsewhere around the world. It was like drawing eyeteeth to get a freeze placed on them. The first freeze was to see what could be drawn out and used for our troops then in the European theater. And all the time the property was being withdrawn from the depots in Germany and from the German Government's control of it. Then we asked for another freeze for the general service, for all use, for the zone of interior and for the Pacific area. Each time we continued to force more property back into the service.

I wish in all fairness you would read our reports as to what we found was being done with this property, how it was being brought back here to America and actually sold back to us by smart businessmen. I made the statement at one hearing that we could afford to employ at great salaries--I won't call the names--but certain businessmen in America who were dealing in this property and actually selling it back to the services.

You are correct, though, hindsight is always better than foresight. But when you get up to the line in wartime, then you take action, and I do believe that the action of this committee saved this Government just millions and millions and millions of dollars by recapturing this property. So I would agree with part of what you say, but there was certainly a lack of initiative of some Pentagon people to recapture all they could immediately.

Now the records and the testimony speak for themselves. I never made the accusations or the charges, but the facts are in the record. We went to Europe, you know, to look into this STEG property, and you will remember the trucks that came back from the Phillipines. The record will show where these large trucks were brought back and sold to the Atomic Energy Commission for fabulous profits.

RESTRICTED

RESTRICTED

939

So we among ourselves are doing this to save our own pocketbooks, your pocketbooks and mine. We are all in the same boat; we are all taxpayers and we feel the pressure.

(Paper handed to Mr. Bonner by Mr. Ward)

Mr. Ward is counsel to my committee, a most efficient gentleman. But for his assistance, a lot of this I could never have mastered. I could never have learned in two years what you gentlemen have learned in a lifetime. But I look at it from the outside, from a businessman's point of view, from a layman's point of view, if you please.

I will read from General Eisenhower's statement. We spent a considerable length of time last year with General Eisenhower at his headquarters in France and we had an informal conference with him. We asked him a lot of questions, and, as chairman of the committee, anticipating what might take place in the future--which did take place--having had a little experience myself over the past 25 or 30-odd years in the various angles and ramifications of political life, I didn't want to put the General on record. So we had this informal chat with him.

We had prepared a list of questions. We didn't take a recorder into the conference with us. I sat there and read the questions and the General talked and he talked. He talked a lot. Finally, I said, "General, this is valuable information to us. It is just what we are seeking. Could we give you these questions and you take them home with you and then you answer them carefully. I won't put down all you have said."

So he turned to General Persons and said, "You heard what I said. Just take it and answer it just like I said it." Well, it came back. It wasn't altogether just like he said it, but it was enough that we got a great deal of information from it.

"With reference to your question as to whether there is a need for unification of logistic operations to support unified commands in our overseas theaters, I will say that I am convinced that more unification is needed in logistical matters in all theaters. To my mind, the senior United States commander in any theater, be he of the Army, the Navy, or the Air Force, should have responsibility and powers for the over-all coordination of logistics and the exercise of all possible economies in common items of common supply functions."

So his answer here bears out the conclusions that our committee has reached in our reports and in some part of the statement that I made.

RESTRICTED

RESTRICTED

I don't disagree with what you have said. I looked at it just as you look at it, and, as much as you try, gentlemen, to keep politics out of things, last year, you know, was the hunting season and I had along with me some gentlemen who were bloodhounds when it came to looking up things that could be used. Politically, they were of the General's faith, so I was delighted when the General went along with us in many of his replies so that many things could be done. As you say hindsight is better than foresight. Anybody can tell what has gone wrong in the past but it takes a good smart man to analyze the future and predict it in these uncertain times.

QUESTION: Mr. Bonner, the majority of our authorizations are accompanied by appropriations that are on a fiscal year basis. It would seem good business management to me that we use at least a five-year actual planning budget--authorization, appropriation, procurement, distribution, the entire cycle but on a long-range basis rather than being limited, "Spend the money this year." Do you concur, sir? Do you feel that there is a chance that Congress might utilize that philosophy as a better management tool?

MR. BONNER: Well, hasn't the Congress given you lump sums of money to be used in long-range procurement? Haven't you had very large sums of money already that have not been committed, and also have not been expended but are yet available? Doesn't that manner of appropriation then meet the objective of the total that you have in mind?

QUESTION: Yes, sir, but why cannot we do that universally with all types of planning procurement? Why should we be limited to making procurement plans for one year, knowing only what we will have for one year?

MR. BONNER: Well, of course, as I think I have said here, the Congress must leave to you gentlemen the proper spending of the money in procurement and other things. We must leave that to you. I don't think anybody on Capitol Hill can definitely tell you how to go about your business. We can in friendly and what we think is honest criticism look at it from the past, as you said, and from the past project into the future what would be the best, take the best out of the past and project it into the future. I know it is a difficult subject. I know it is hard for you gentlemen who are in charge of bases and this and that to keep down waste. I know you can't go around and look at this little piece of machinery and that little piece of machinery and recover what is usable, but when you get the over-all picture from our side and see that it is so vast, we feel it is only fair to bring it to your attention.

In further answer to what you said, one session of Congress, no Congress can commit the next. That is the difficulty in our democracy. The 80th Congress could not commit the 81st Congress. They could commit them in a certain degree, but the 81st Congress could come along and just undo what the 80th Congress did.

RESTRICTED

RESTRICTED

941

QUESTION: Mr. Bonner, you mentioned the various other miscellaneous functions that procurement accomplishes, such as aid to distressed areas, small business, and other miscellaneous duties. Has any consideration been given to eliminating those which are not strictly applicable to getting procurement at the best possible cost?

MR. BONNER: That is what I said here. I thought they placed too much responsibility on the procurement officer to have to go into all these things; that I thought the regular business channels of competitive bidding just from the picture of your requirements and what the vendor had to offer. I compared it with the disposition of surplus property to show how difficult it was to the man in charge of disposing of surplus property meeting all these other requirements.

QUESTION: But the Government pays for those requirements that are in there; whether you do it by competitive bid or negotiation, you pay for them in procurement.

MR. BONNER: I just don't think it should be one of your requirements to saddle you with the responsibility of the economic control of the country. You are for a specific purpose.

QUESTION: I apparently haven't made my point. I was thinking of the fact that regardless of whether you put it out in formal advertising or not, those requirements are still in the bid and you must pay for them out of procurement money.

MR. BONNER: That is under the law I referred to.

QUESTION: Yes, sir.

MR. BONNER: But I said that I had introduced a bill that would relieve and change that.

QUESTION: Eliminate those, sir, completely?

MR. BONNER: That is correct. That is what I said. I didn't agree with the existing law and I have introduced this other bill which I think is the thing to be done.

QUESTION: Do you believe that Congress will get the unification and coordination that you are implying here should be in the procurement field as long as the services are forced to run this race yearly to get as much allocated to the military departments as possible?

MR. BONNER: You mean the three services now, asking for what they estimate to be their budget for the year?

QUESTION: Yes, Sir.

RESTRICTED

RESTRICTED

942

MR. BONNER: Well, it is my understanding that your budget comes down in a lump sum or as a one-request budget divided into three parts, and that you make that division in the Office of the Secretary of Defense. Each of the three services sends its budget to his office and the whole thing goes to the Budget Bureau and the distribution of funds is worked out within the services, not by the Congress.

QUESTION: It is my understanding, sir, that Congress does review these budgets and then allocates or appropriates to the respective services.

MR. BONNER: Oh, yes, the various appropriation subcommittees handle them. Well, the human element again enters in and it is who can put up the best presentation, I guess.

QUESTION: Mr. Bonner, if I understood you correctly, you said that your committee had come to the conclusion that the disposal of surplus property can't be separated from procurement. Of course, that is not the way it is today. Has your committee arrived at any conclusions as to whether the surplus property should be separated back to the procurement agency or whether all procurement should be consolidated in one agency like surplus property is now?

MR. BONNER: I think the reference was whether you were disposing of something that could be used in the services. We found cases where materials had been designated surplus by one branch of the service where another branch of the service was procuring identical materials. We found one service with an enormous supply of civilian consumer goods items, far more than they could use in years and years to come while another service was procuring it. And this civilian material over here was becoming obsolete when it could have been passed around. That is the reference I made there, sir.

QUESTION: I believe today the disposal of surplus property is consolidated in General Services Administration?

MR. BONNER: That is right. You send it over to the civilian agency; that agency sorts it out and disposes of it.

QUESTION: Am I to conclude then from what you said about the committee's conclusion that surplus disposal and procurement can't be separated that the committee also concludes that all procurement should be so centralized?

MR. BONNER: You mean get back to what the British are doing? We went to see the members of the British Ministry of Supply; and, after talking with them, I found out they were not exactly like I thought they were. You know since we started giving the educational institutions this surplus, they have set up an organization of their own. They come in now looking for surplus and I am wondering just how much

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943

pressure they put on to have goods declared surplus. We went into depots where the material was surplus for the armed services and could not be used by educational institutions after they acquired it. They were trading it to industry at very low prices, getting what they could and buying what they wanted on the other hand. Many of them had accrued large accounts at the bank and were turning some of the money back into their general funds of the state. I think the Federal Government, if it is going to be like that, had better sell it and keep the money. This Treasury that we have is a little bit in the red, as you know.

As I tried to make clear in the beginning, we are all here for the same purpose and many things probably which I have said have been misinterpreted. As I said, I have never met a finer, more sincere group of people in my life than I met in the services as I went around the world. There were some arguments over in Japan where two generals almost came to blows over whether or not the Air Force could supply itself better now than the Army supplied it when it won the great victory in World War II. All the people in America were fascinated with the feats of the Air Force during World War II when the Army had charge of the logistics.

So it is just a little family analysis to see who can do the best job, and to see if we can't work for each other and help each other. So we who have the responsibility at the Capitol feel that we have got to get out with you gentlemen and get you to cooperate with us because we catch the devil down there.

CAPTAIN HAYES: Mr. Bonner, thank you very much for not only an inspiring lecture but for this lively and friendly discussion period. On behalf of the Commandant and all the students, thank you very much, sir.

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