

CONGRESS AND MILITARY PROCUREMENT

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Washington, D. C.

Honorable R. Walter Riehlman, Congressman from New York, was born in Otisco, New York, 26 August 1899. He was graduated from Manlius Military Academy, Manlius, New York, and Central City Business School, Syracuse, New York. He is a director of the Industrial Bank of Central, New York; member of the Advisory Board of the Tully Branch of the Syracuse Trust Company; in Congress since January 1947; member of Committee on Government Operations, and its Subcommittee on Military Operations. This is his first lecture at the Industrial College.

GENERAL NIBLO: Admiral Hague, Secretary Fogler, distinguished guests, and fellow members of the Industrial College: Today and tomorrow we will conclude our lectures on military procurement. So far in our studies on procurement we have heard from representatives of Government and representatives from industry. This morning we are going to hear from a representative of the people.

Our speaker this morning has been elected for five consecutive terms to represent his constituents in Congress. During his entire service in the House of Representatives he has been a member of the House Committee on Government Operations. For the past few years he has also been a member of that committee's Subcommittee on Military Operations.

He has not been content with second-hand information pertaining to our four services. He has made numerous visits to our various Army, Navy, Air, and Marine Corps installations and procedures. First-hand information on our problems, our practices and procedures I am sure that he is not a stranger to some of you here in this auditorium this morning. There is probably no one in Congress today with a more accurate understanding of the problems pertaining to military procurement than the representative from the 35th District of New York.

Our speaker this morning will address us on the subject, "Congress and Military Procurement."

Mr. Riehlman, it is a pleasure and a privilege to welcome you to the Industrial College of the Armed Forces on the occasion of your first visit and to present you to this audience. Ladies and gentlemen, the Honorable R. Walter Riehlman.

MR. RIEHLMAN: General Niblo, Admiral Hague, Secretary Fogler, other distinguished members of the military services, and I suppose, some civilians in this group whom I just don't recognize at the moment: Of course I am pleased and honored to be here this morning. I am also delighted to have the Assistant Secretary of the Navy, Mr. Fogler, here, because I have had a lot of dealings with him in past years.

I deeply appreciate the splendid remarks that were made with respect to my having been elected to Congress for five consecutive terms and my having had a deep interest in the problem in which you gentlemen here today are interested. I am deeply honored and pleased to be here. I feel that I should be honored to be asked to address a group of ladies--I think I see at least one or two or three in the group--and gentlemen of the military services and related civilian organizations.

It is my understanding, Admiral, that many of the people who are here today have had some experience in past years in this great program of military supply management and the procurement of items for our tremendous armed services. Many of them are here, too, to get additional information so that they can be better qualified to do a better job as they proceed along in their fields of activity. And I think that many of us have come to realize the great problem that our Nation is confronted with in respect to the possibility of an economic collapse due to the necessity for us to be constantly prepared for any eventuality in an off and on, "hot" and "cold" war situation.

Now, following your suggestions, may I say I am going to try to limit the main portion of my remarks today to a discussion of the responsibilities of Congress with respect to military procurement operations.

First, I would like to comment briefly on the responsibilities of Congress relative to military procurement, or if you will, with respect to the whole problem of military supply management.

The Congress has long since come to recognize that the tremendous growth in both size and complexity of the executive branch of the Government makes impossible the complete isolation and independence of the legislative process. The constitutional interdependence of the three governmental branches has come to be regarded as just as fundamental and necessary as their constitutional separation.

All three branches--the legislative, the executive, and the judicial--are ultimately responsible to our citizenry though through varying channels of responsibility. This, of course, is an oversimplification because we, as elected Members of Congress, feel justified in claiming a much more direct relationship with the public than the vast majority of appointed officials in the Executive Departments.

However, there are other factors. With the modern expansion of communications and dissemination of national news, even many appointed officials--and I think we have noticed that in the past few years--are kept well aware of their responsibility to the public. Furthermore, with the unusual growth in the Federal Government, both civilian and military, a significant portion of our population has become, either directly or indirectly, engaged in governmental affairs.

All of us are taxpayers. Whether we are Congressmen, military officers, soldiers, or civil servants, all of us share a very real concern that our governmental affairs be conducted effectively and efficiently and most economically. Therefore, rather than speak of the Congress' responsibility with respect to military procurement, I would speak of our joint or common responsibilities.

Now my first contact with these military supply-management problems consisted of cases brought before our Military Operations Subcommittee, illustrating obvious failures of specific portions of the various military supply systems. And for your own edification--some of you may not be familiar with some of the cases--I would like to bring to your attention a few of the cases that our committee reviewed which certainly gave me considerable alarm in the first instance on our study of this great problem. I will go through them quickly.

We saw the case--and it is not a new one--of the Army's procurement of millions of new-type overcoats without accurate inventory data or complete research and development, making impossible any accurate computation of requirements or preparation of realistic specifications.

We saw the case of the Air Force procurement of a large quantity of chain-link security fence, again with inadequate data as to inventories and requirements so that a substantial overprocurement resulted.

We saw the case of the Navy's attempted procurement of fork-lift trucks from an obviously inexperienced and inadequately financed manufacturer, a clear-cut illustration of superficial preaward survey and a breakdown in the preproduction and production inspection system. Incidentally, in this case the Navy happened to have been assigned the single-service procurement responsibility for materials-handling equipment, so our committee had an opportunity also to observe here the shortcomings of the single-service procurement assignment concept--the delegation of procurement responsibility without concurrent authority to review requirements and specifications prepared by the other services.

We saw the case of the joint Armed Services Medical Procurement Agency's procurement of blood-shipping containers with inadequate specifications which were changed several times during production and, again, a breakdown in the inspection system.

We saw the case of the Air Force's procurement on a large-scale of complex airborne radio transceivers still in the development stage, while test results available showed serious shortcomings in this piece of equipment.

Now I would like to emphasize at this point that, in the overwhelming majority of instances, such failures of the military supply-management systems are no doubt due to honest errors in the organization or administration of the programs. In citing these cases I do not in any sense intend to impute malfeasance or dishonesty or any personal moral fault to the many fine and honorable men and women working in our military supply-management programs. On the contrary, I have been most impressed by the obvious high integrity and sincere patriotic intentions of the vast majority of our supply officers and personnel.

However, finding such a series of almost unbelievable cases of waste and inefficiency in our military supply-management operations, my initial impression was that the military supply systems were badly mismanaged.

Our subcommittee's broader studies were more reassuring, however. One of our early series of hearings encompassed many phases of the entire supply-management programs of the Department of Defense and the military departments. We saw many differing viewpoints, but there were being developed several encouraging programs recognizing the problems we, as a committee, had pointed out.

Our survey of the military surplus property disposal programs led us to believe that the services were making some progress with this huge problem, but that much more drastic steps would have to be taken, utilizing more normal commercial merchandising techniques.

Our study of the military research and development programs led us to make certain rather specific recommendations for improvements in the organization and administration of those programs.

But more than anything else, ladies and gentlemen, our studies of these broad programs--military supply management generally, and the

related surplus disposal and research and development programs-- gave me, at least, a different concept of the whole military problem.

First, these studies, combined with trips to various of our military installations, both in the United States and abroad, have impressed upon me as never before the immensity of our Armed Forces. I believe that few people outside the military services today have any realistic conception of the sheer physical magnitude of our Armed Forces. I would venture to say that there are actually probably few people in the military services who have a complete or even fairly detailed picture of the total aggregation of men, money, materials, and equipment that make up our country's total Armed Forces. It is simply a staggering physical phenomenon that extends to almost every corner of the globe.

No one outside the military services can fully appreciate the fantastic diversity of materials and supply items which must be stocked to maintain such a massive and highly complex military machine. It is almost impossible--and I want to emphasize this--for a Member of Congress or anyone else to visualize the many places where our military supply and logistics system can break down. Some of you are familiar with these problems, I am sure, but I would like to give you just a few illustrations of how this whole program is tied together and where these problems can arise.

First, there is the initial computation and review of military requirements for each item of supply.

There are the research and development programs in those cases where items are not available from existing sources.

There is the actual procurement of supply items with the attendant problems of specifications, production and material scheduling, and priorities allocations, selection of competent suppliers, advertisements for bids or negotiation, followed by award of contracts and inspection of items supplied.

There is the necessity for constant analysis and control of inventories by means of supply accounting systems and stock funds.

There is the problem of distributing thousands of different supply items to the eventual military users, together with attendant transportation problems.

There is the problem of supply utilization, and repair, reclamation, or salvage of used items.

And then there is the eventual problem of redistributing excess items and disposing of surplus items.

Furthermore, at each stage in this military supply-management system, there are the general problems of supply-personnel administration; the cataloging, standardization, and inspection of supply items; the use of Government-owned commercial and industrial-type facilities; and other related problems. All of these must be taken into consideration, and that is a staggering assignment.

One thing that has most impressed me and members of my subcommittee has been the importance of realizing the inseparable relationship of all these supply-management problems.

Many of the cases of obvious defects in the supply-management systems are sometimes mistakenly referred to as examples of "bad procurement." Actually, though many of the errors come to light at the procurement stage or during the administration of procurement contracts, the basic error often can be traced to related areas, such as inventory management, or requirements analysis and review, and other similar areas which contribute to the procurement process.

And because of this intimate interrelationship, it is most difficult to correct one part of the system without correcting closely related parts of the whole system. For instance, you can develop elaborate systems for requirements analysis and review, but these are meaningless unless you have accurate inventory data. This, in turn, depends upon inventory control systems, both financial and by item, and upon the proper cataloging of items. This leads to the problems of standardization and specification revision, and so forth.

After having had a few years of interest in this subject, I can understand that the casual layman finds it difficult to appreciate the complexity of the problems presented by trying to isolate faults in the system and weave in improvements without throwing the whole department or the whole system out of kilter.

I can appreciate the problems of the Department of Defense in trying to manage such a gigantic system. It must be extremely difficult to formulate consistent overall policies acceptable to all the services

and meaningful in terms of the differing practices and procedures of the many bureaus, technical services, and commands. The administrative system you have built may keep 99 percent of the whole complex machinery in efficient working order, but that 1 percent or less of the machine can break down and unreasonably discredit the entire program. I am sure it is most discouraging to you at times, and to us as Members of Congress, but those problems prevail and are probably going to continue, and we must continue to work with them and try to correct them.

But even recognizing these problems, and reviewing the military supply-management system as a whole, I am more firmly convinced than ever that our progress toward unification and the achievement of truly integrated military supply systems is extremely slow.

As you know, for some years there has been a powerful school of thought, in both the military departments and the Congress, which has held that maximum economy and efficiency in the administration of our supply-management programs can be achieved ultimately only through a fourth and separate military supply service.

This specific proposal has never been adopted, but a closely related yet broader concept of unification or integration of the military supply systems has received majority approval.

The first step in this direction was accomplished by the passage of the National Security Act of 1947 which reorganized and coordinated our Armed Forces under a National Military Establishment headed by the Secretary of Defense.

The National Security Act of 1949 further affirmed this action, and replaced the National Military Establishment with the Department of Defense.

In 1952, as an amendment to the Department of Defense Appropriation Act of 1953, the Congress enacted the O'Mahoney Amendment as permanent legislation. This amendment stated essentially that the Secretary of Defense should issue regulations to achieve an efficient, economical, and practical integrated supply system, and that no funds should be obligated for any supply-management functions except in accordance with such regulations.

More recently, in the Department of Defense Reorganization Act of 1953, the Munitions Board was abolished, and its supply-management

functions were consolidated and organized under the recently created Assistant Secretaries of Defense.

Now during my tenure as chairman of the House Military Operations Subcommittee, it was my pleasure to work closely with several of these Assistant Secretaries of Defense, particularly the first Assistant Secretary for Supply and Logistics, Mr. Charles Thomas, and his successor, Mr. Thomas Pike. With their most constructive cooperation, the subcommittee was able to examine several phases of the military supply-management programs. Although much progress can be noted, I believe that both Secretary Thomas and Secretary Pike would agree with me that much more remains to be done.

There is nothing ambiguous about the desires of the Congress in this matter. The intent of the Congress is clear. We want a more unified, integrated military supply-management system, and, mainly, I think, the Members of Congress--and I presume the public--want to see a more genuine and widespread exhibition on the part of military officials that such integration will be a thing of substance and not merely of form.

Now what do I mean by unification or integration? What would be genuine evidence of integration of substance rather than form?

Well, for instance, I am convinced that there could be a much more effective standardization of military supply items. I am well aware of the difficulties involved, but I can't get too excited about reports that the military services have reduced the number of types of simple common-use items, such as barracks bags, from a dozen or so to three or four. That is obviously progress of a sort, but I am interested in the much more complex problem of surveying similar but not substantially identical items, and trying to get the military services to agree upon compromised, yet entirely practical, common alternatives.

Further evidence of genuine integration would be more cross-servicing, and the elimination of cross-hauling of food, clothes, and tools, and other common-use items. And intensive standardization would produce more items in common use by all three services.

There can be still more common sharing and procuring of military facilities of all kinds, I would think, in the training camp area, in our great depots, our transportation facilities, and many more of our huge installations which are built and maintained at such great expense.

There can be more unification and integration in the utilization of each other's excess property, and the extent and efficiency of this again will depend largely upon the progress in standardization. 1713

These, to me, ladies and gentlemen, would be true evidences of integration.

Now I don't mean, and I never want to leave the impression with you people, that all individual service traditions must be discarded.

And I don't mean that all military forces of the United States should be forced to wear the same uniform.

In combat training and in actual military combat, there is perhaps a real advantage to be gained by maintaining a healthy competition among the various services for morale purposes and for a maximum contribution to final combat victory.

We might as well face it, the Marines we shall probably always have with us, and may I add, thank God for them when it comes to facing dirty jobs like Iwo Jima and Tarawa.

And we all have pride in the Air Force and little opposition to their claim to their own "Wide Blue Yonder."

We are proud of the Navy for giving us our first atomic powered submarine.

And General Ridgway has recently pointed out to us that the Army foot soldier we shall always have with us.

Every service can and does make its unique and distinctive contribution to our total defense potential.

But, in the business operations of the military services, a purely civilian activity that has been increasingly grafted on to our defense machine of necessity, there is little to be gained by perpetuating military service distinctions and rivalries. Extensive civilian experience in industry and commerce has proved the desirability and efficiency of integrated practices and procedures.

Yet, several classic arguments have continually been raised by those fighting a rear guard action against the inevitable march of the integration concept in the Department of Defense.

It has been argued repeatedly that, although business operations of the Government may resemble normal civilian business operations, they necessarily differ in important respects. However, granting the validity of these distinctions does not prevent our making maximum utilization of normal extensively proved business principles in the large areas of our Government business operations where such principles are clearly applicable.

It is often pointed out that many of our large civilian corporations grant a considerable degree of autonomy to corporate divisions which have been properly created to avoid administrative problems arising from sheer bigness and to promote a healthy climate of intracompany competition. It seems to me, ladies and gentlemen, that the strawman raised by implication in this argument should be destroyed once and for all. There is no serious movement for the complete elimination of service distinctions, and no red-blooded American would deny the merits of healthy competition as an administrative device, either in a civilian corporation or in military business operations. But even more important, it should be obvious that such relative autonomy of corporate divisions is never, under any circumstances, allowed to operate to the prolonged detriment of the corporate whole.

It would be most naive and most unfair to fail to recognize that the military services have made progress toward an integrated supply-management system. The Department of Defense has programs for further coordination and integration in almost every phase of military supply management. And in many cases the individual military departments have extended genuine cooperation to make such programs work. But I sincerely feel--and I know that you want to know how I feel--it would be premature to pass out too many bouquets on our overall record.

Suppose we take a look at the bare procurement and disposal functions, for example. Here are the areas where the military "meets the public."

Some of us in Congress, I know, regretted to see the passing of the joint Armed Services Textile and Apparel Procurement Agency.

And our subcommittee recently was distressed to observe what we consider to be less than satisfactory administration by the joint Armed Services Medical Procurement Agency of contracts for the procurement of blood-shipping containers which I referred to before.

Similarly, the subcommittee was shocked by the apparent laxity exhibited by the services in the procurement of certain fork-lift trucks. In this particular case, the Navy happened to have been delegated the single-service procurement responsibility.

But I am afraid we would be trying to prove far too much if we were to generalize from these particular cases and leap to the conclusion that joint procurement agencies, or single-service procurement assignments, or any concepts of integrated procurement are intrinsically faulty.

Integrated procurement organizations are often no better than their weakest link. It seems to me that the majority of the faults in integrated procurements can be traced to faults in the individual military services or to a lack of a genuine willingness to cooperate on the part of the individual military services.

Furthermore, these faults in the individual military services participating can be further magnified, and distorted to appear as faults of the integrated organization itself, if the integrated organization is given only the bare procurement responsibility without concurrently being given a requisite amount of authority to review requirements, and to check the research and development status and production inspection system and the many other related procurement functions which are still vested in the individual military services.

I think this whole field of joint and single-service procurement assignments should be most carefully and honestly reviewed in an attempt to pinpoint responsibility and to eliminate roadblocks in the honest testing of the effectiveness of such concepts. There seems to me to be little to gain in any attempts to discredit such concepts by a mere confusion in semantics or a smokescreen of technicalities.

Aside from the many complicated organizational and administrative problems in this field, let's look at the other side and consider what the businessman is confronted with when he comes before you. What have we done about coordinating and standardizing the practices and procedures of the many procurement or disposal facilities of the individual military departments in those cases where joint structures or single-service assignments have not been superimposed?

Does the businessman follow essentially the same procedures; is he required to fill out essentially the same number and types of forms;

is he required to meet essentially the same requirements in selling his products to, for example, the Navy Bureau of Supplies and Accounts, the Army Quartermaster Corps, and the Air Materiel Command?

How about buying surplus military property? Do the individual services prescribe substantially identical cataloging information, bid deposit requirements, and so forth?

Well, ask any businessman who does business with the Government, and I am sure you will know the answer as well as I do.

How about the joint agencies and single-service procurement assignments and other integrated supply-management organizations? Will the integration of supply operations spell eventual loss of prestige for the individual military services? Are we being entirely unfair when we suspect that a considerable portion of the delay in integration stems from just simple jealousy on the part of otherwise responsible officers and officials in the individual military services?

Ladies and gentlemen, it all boils down to a simple desire on the part of the public and their representatives in Congress to see more concrete evidences of a genuine desire on the part of military officers and officials to work together. All of this means work, and it may run counter to some ingrained service traditions.

One such traditional or ingrained characteristic common to all of the military services has been the relatively low prestige and priority accorded supply activities. Qualified men seeking maximum advancement and prestige in the military services have usually been forced to abandon military supply and logistics work to demonstrate their capability in command positions with combat elements.

Undoubtedly this has produced well-qualified command officers with a most useful appreciation of the supply and logistics problems which are so closely related to the broader problems involved in attaining maximum total combat potentiality. But the importance, the prestige, and the actual effectiveness of military supply-management programs have suffered under this system.

It cannot be denied that officers become better and more broadly qualified combat officers as a result of their having rotated through assignment in supply-management work. But this incidental training mission is certainly far secondary to the primary missions of military

supply-management programs. The overall effectiveness of military supply-management programs should not be allowed to suffer merely for the purpose of fulfilling this training mission.

Military supply responsibilities are not merely almost as important as military command functions--they are every bit as important. And military supply programs must be organized and administered by a solid permanent corps of trained first-rate specialists. Qualified military officers who demonstrate unusual proficiency and capability in supply-management work must be provided greater opportunities for personal career advancement, both in rank and responsibility, within the supply branches of the services in order to prevent the constant loss of the most promising officers to other branches.

This recognition is long overdue. Our otherwise modern defense machine can never attain maximum efficiency with a second-rate, second-priority supply-management program.

I am afraid that some ingrained service traditions must eventually be sacrificed. And, more than that, before we can make progress we are going to have to develop a widespread, positive willingness on the part of military officers and officials to shed any individual service traditions which would block the effective improvement and integration of supply-management functions. It must be demonstrated conclusively that the benefits which flow from effective integration will more than compensate for the sacrifices of some of the old individual military service prerogatives.

With continued intelligent and aggressive policies directed by the Department of Defense, much greater progress is possible--if there is a sincere willingness to cooperate on the part of the officers and officials in all of the military departments. That is all the Congress wants. That is all the public wants. Our desires are simple.

We know the solutions are complex. But we know that even complex problems can be solved.

And we are convinced that the maximum effort has not yet been expended in integrating and coordinating the military supply-management systems to bring about the most economical, efficient, and effective conduct of our military business operations.

Thank you.

COLONEL SMITH: Mr. Riehlman is ready for your questions.

QUESTION: Sir, you mentioned a couple of suggested improvements such as standardization, cross-servicing, and the elimination of interservice rivalries, and you mentioned very briefly the selection and assignment of personnel. I would like very much to hear more about your subcommittee's thinking about selection of personnel and permanent career assignment in the supply-management field, and also if there is a possibility of replacement of military supply managers with civilian managers?

MR. RIEHLMAN: That is a good question and I anticipated I might get it. I am not prepared to answer it, perhaps, as thoroughly as you would like to have it answered.

So far as the subcommittee is concerned, we issued no report specifically and exclusively concerning military supply-management personnel. However, within several of our reports concerning various business operations of the military departments we suggested--if I am correct in my memory--that more thought should be given to career people in the services in this supply-management field, and that where men or officers showed great ability in that field of activity, the military itself should institute a promotional program that would give due recognition to such special ability so that permanent supply personnel would not suffer in promotion or rank, and also so that the military services would benefit because of these people being retained in that one field.

We felt very keenly about that, and we think it is something, as I mentioned in my talk, that should be thoroughly considered and followed through because we think personnel is one of the weakest links in our whole procurement program--that men are in supply management only for a short period of time, and are then moved on into other branches of the service.

I don't say that it is not good to give them a broader experience, but I must say this--both combat specialists and supply specialists are vitally important to this whole military program, although when we have men who show outstanding talent in the supply field, we should keep them there and promote them and give them every advantage that they would get as if they were to undergo the normal rotation of their fellow combat specialists in the services.

I don't think that any person would come to the conclusion--and I am sure I wouldn't want to, speaking for myself--that the military supply branches should be staffed by all civilian personnel. I don't think it is right and I wouldn't be for it personally.

QUESTION: In your analysis of this problem, Could you say that unification and integration of supply are more applicable to things than systems since systems must have some pretty big men responsible?

MR. RIEHLMAN: I think I tried to cover them both. Both are very important. You can't get along without integrated systems, and then there must be more standardization of industry supply items. You must have them both.

I think that standardization, as I tried to cover in my talk, is most important because you have so many common-use items in which there is unnecessary variation in the size and design. Some such items may have a different name, or just a little bit different size, and all of those things enter into causing the duplication of practically the same pieces of equipments or items that are being used in our great military systems.

That is why--if I may say this--we have today, and I believe it sincerely, billions of dollars' worth of surplus property around this country. It is due largely to lack of standardization in our services. We could redistribute many of those items among the Army, Navy, or Air Force if they were standardized.

Let me give you a quick illustration. I was at an Army base where they had all kinds of screwdrivers and hammers in the post Engineer, Quartermaster, and Ordnance supply stocks. Another branch of the service was going to utilize the very same base, but because these handtools were not of the same specification, type, and so forth, we couldn't transfer them to the other branches of the Army. That is where I think we have a tremendous opportunity to do a great service to our country in cutting down on military expenditures.

QUESTION: Mr. Riehlman, Congress has said that we should take competitive bidding on all items. It has also indicated it would like standardization. In many cases the two are mutually exclusive. You can't get a competitive bid and standardization. We may all want a Ford 3-ton, pickup truck, but if all three services were to buy Fords, we couldn't get by with it.

MR. RIEHLMAN: That is the 64-dollar question, sir. I will be very frank and honest with you and say that I would hesitate to try to give you a constructive answer on that until I gave it some study, because I can understand from the statement that you have made that it is a complicated one and one that is going to be difficult to get around. But I will say this to you, that if the stenographer will furnish me that question, I will endeavor to give you an answer, a constructive one, if there is one available, sir.

[I do not believe that there is any simple or final or all-inclusive answer to the question posed.

[The degree to which standardization is compatible with the competitive bidding concept depends largely, I suppose upon the adopted definition for "standardization." If, as the question implies, standardization means limiting authorized supply items to specified brand-name items, any effective competitive bidding would, of course, seem to be precluded.

[If, on the other hand, as would seem to be the more currently accepted working definition, standardization is taken to mean the adoption of mutually agreed upon interservice specifications which will, to the greatest degree possible, encompass a variety of substantially identical or interchangeable commercial items, there would seem to be no basic incompatibility between standardization and competitive bidding. Furthermore, even when no commercial items are readily available to meet military requirements, it would seem reasonable to predict that such standardization of currently noncommercial items among the services would lead eventually to the growth of a larger pool of available producers (thereby making for more effective competitive bidding) because of the larger and more constant requirements for a single or a few specialized supply items rather than varying requirements for a wide variety of similar items with distinctions sufficiently different to require different exclusive supply sources.]

QUESTION: Mr. Riehlman, I would like to go back to this personnel question and I would like to take it one step further and one step higher. You have spoken of career fields for the men in the military service. Would you give us your views on having a little stability in our policymaking branch in this respect? That is when we get up on the Department level.

MR. RIEHLMAN: Well, I certainly would not want you to think that I would evade answering a question if I had an answer to it, but

I want to say this: I don't feel, as a Member of Congress that I should be put in the position of trying to dictate up on the policy level in that respect.' I want to be very honest about it. I think that is something we would suggest, but we must leave it to those people in the executive branch of the Government who are responsible at that level to set or carry out the type of policy and program that they think is best.

I don't think the legislative branch of the Government--although we are supposed to do only the legislating but many times unavoidably get into the field of administration and all the rest--should endeavor to dictate to a group such as we have gathered here today as to how they should carry out their programs.

Maybe you have another question on which I can better give you enlightenment.

QUESTION: I didn't wish to put you on the spot and embarrass you. I am appreciative of your frank remarks. But I have heard from this platform by one or more speakers that some stability on the Department level in the supply-management field would be a good thing.

MR. RIEHLMAN: I think I have said that. If I didn't in my talk, I am for it.

QUESTION: To go off on another subject, you mentioned a fourth service. Would you care to elaborate a little bit on the fourth service as to its advantages and perhaps some of its disadvantages?

MR. RIEHLMAN: Now when we discuss the fourth service concept, I want this thoroughly understood: I don't expect that there would be set up outside the other three services a service that has no direct connection with the Army, the Navy, and the Air Force.

What I am thinking of in the fourth service program is this: If some of the things that I suggested in my talk this morning are brought about, and there is a greater utilization of all the information available in the three services across the board, we would leave our men in their own services as much as we possibly could, and we would have to gather the information from the services. Each boy would wear his own uniform the same as he does now in the Army, the Navy, or the Air Force, but we would have in certain areas centrally located and centrally managed programs on the basis of the information gathered from the three services.

I suppose we could accomplish that by the single-service procurement assignment program--just as I suggested this morning--in connection with certain items where one service would be given the responsibility for procurement of a certain amount of items for all of the services. But you certainly wouldn't eliminate the three different services participating in the whole overall program.

QUESTION: Sir, I was interested in this problem of the review aspects of the military problem, particularly with the supply agency. About two years ago, while I was in Okinawa I read in the paper about the surplus fence supply job. I had a very bad fence problem myself. I wanted some; I needed it; I couldn't get it. But I was reading in the paper that they had a great amount of it. One of the problems was that I couldn't get the money out of another appropriation to put the fence up, which was apparently not the fault of the Treasury but of a congressional committee. What I am wondering about, is there any continuity among these reviewing agencies so that at least we can recognize some of these problems.

MR. RIEHLMAN: If I understand your question and problem correctly, we must have a review of what the services really have themselves, and they must have at least a program set up so that they do know what they have and actually what their needs are, and carefully review them.

In the case of the Air Force fence program that you are talking about, it was a clear illustration that they had no idea of what their needs were, and they just said, "This is the time we are going to procure it. If we need a thousand yards, we will buy 10,000 and we will be sure to have enough."

I say this in all fairness to the Air Force. They could not explain that situation. They could not explain to me, at least, satisfactorily why they made this overprocurement, other than that they just felt they didn't have enough information. They were in a hurry to buy, so they just simply bought it.

Now the Congress' feeling--and we had a chuckle here about congressional committees cutting off appropriations--those are things that disturb Congress. We don't want anything that is not fair. Not a man on the Hill would deprive the services of equipment they need. But what we are driving at is accurate accounting of what you have and a review of the need of the things you want.

One of the greatest things that is being done now is that which Colonel De Luca is doing in the cataloging program. When they get that finished, we will have a lot more help in doing the job that you and I are both interested in.

QUESTION: You have stimulated quite a bit of interest and emotion in the audience, some of it negative. I don't think the question is loaded, but it is one that puzzles me because I have not been in the procurement field, but has your committee found any coordination between military procurement and the laws on the books of Congress that bear on this military procurement?

MR. RIEHLMAN: Well, now, if I understand your question correctly, certainly there are laws on the statute books that would enable a unification or correlation of these functions. That is what I referred to in my statement this morning.

QUESTION: May I restate it, sir? What I am thinking of is, some speakers stood on this platform and said that some statutes on the books are so conflicting and overlapping and duplicating in Government procurement as a whole--not just the military--that it is almost an impossibility to satisfy all these requirements when you buy. Would you comment on that--getting away from unification and inventories?

MR. RIEHLMAN: I would say this to you, sir. I wouldn't argue with that statement at all. I think that probably is true, and if it is, then it is up to the Departments that find these problems to report them to us so that we can eliminate some of these conflicting statutes that are causing some of the problems. We are willing to do it.

So far as I am concerned, in my committee's activities I haven't found that to be true. I will be very honest with you.

But, if, when you go out from here and get into the field of procurement and you do see these problems, I would suggest that the very first thing you do, when a congressional committee comes around, don't hesitate to tell the truth about it. Say, "Here is a problem. We can't live with this and do the job you are requiring until some of these statutes are repealed or amended."

I think it is too bad if that is the truth. I haven't run into it in my field of activity.

QUESTION: You recognize the tremendous task of programming for this procurement by all the services, and those programs are really gigantic and cover time. Time is the important thing. And yet Congress has limited the service activities in many respects, but in one particularly, the control of funds, and for obvious reasons. I have seen many a good, planned program go down the drain at the eleventh hour because something had to be procured. Planning programs requires time. Is there any consideration or has there been by your committee for relieving this particular problem, realizing a program can't be planned over a short period of time? The difficulty of expending funds--we don't want to go out and buy until the program is planned. On the other hand, the services have requirements. We can't always get the best planning under those conditions. Could you comment on that?

MR. RIEHLMAN: Well, of course, we have seen some procurements that were made in the eleventh hour that were very bad, we felt, because the services really wanted to convert their annual funds into stocks or felt they had to do it.

I think that in the future we will have to be more objective in this, and the Congress will have to do something about it. I want to say to you very frankly I think that over the years--I don't want to ramble too much on this, but I must say a few little things to make my point more clear--with this tremendous expansion of our military program, a lot of bad things have happened. You and I know it.

But I believe we are getting on top of it and we will keep on top of it. This country of ours has not let anything defeat us and we will not let this problem defeat us, even though it involves billions of dollars each year. But when we move forward, we must have more faith and confidence in those in the military services, and extend this program over a greater period of time--not just a two-year period, conforming with the life of a Congress, but for longer periods.

Something along that line is going to be done, I believe, because I recognize what you have been talking about from my own personal experience in a far smaller way, I know exactly what this problem means to people in the Department of Defense.

QUESTION: We have the funds on hand at the end of the year. Once they are appropriated, I don't see why they can't be retained in the program.

MR. RIEHLMAN: I think you have hit on a very important matter, and one I personally feel has to be corrected in the future in this tremendous program. You know we haven't always had this problem with us as great as it is today.

Of course, we have to recognize that no one in this room this morning can judge when we are going to relax and cut back our defense program. We may to some small degree but not to any great degree. Many of the problems in fiscal management stem largely from the unusual size of our current defense program. Recognizing that fact, we will have to be objective and try to understand what the problems are, and we will have to meet them in the Congress as well as in the military.

QUESTION: My question concerns all the services, particularly people who are roughly our contemporaries. I have noticed within the last few years many of our contemporaries in the contracting and procurement business have established contacts with civilian fields, as a result of which it is very much like the Russian soldier viewing the West for the first time, mass defection of the best of them. I wonder if you are aware of the percentage of those officers who have gone out and could you recommend something to correct that?

MR. RIEHLMAN: I will tell the truth, we recognize the problem. There is no question about that. We have found that in many fields. It is just exactly what you have stated.

May I be honest with you? Our committee is currently making no study of this specific problem at all. I would hesitate this morning to recommend what policy could be followed to correct that situation although I know it exists.

I have a very good friend, whom Captain McCaffree knows, who has just left the Navy. He is going to be on the other side of the fence facing the military procurement side. He is a man who is brilliant and who made a great contribution to the Navy. But those things are going on, and I just don't know what corrective action can be taken.

I don't think that in a democracy we can say to any person, no matter how we feel about it--unless the military departments advise such as a matter of principle--that no one can leave the military departments and go out into some active industry and immediately go into selling, stepping from one pair of shoes into another, taking

advantage of his military experience. Unless the military departments urgently recommend it, I would hesitate as a good American to say that we will have to pass specific legislation to prevent it. I think we must solve this problem in a constructive way because this is still a democracy. We have to allow our citizens to be free to take opportunities and advantages wherever we can. I don't want to eliminate anyone's opportunity unless it conflicts with our programs to a detrimental and costly degree. I would like to leave it that way if I could.

QUESTION: I would like to go back to a previous question. Recently the procurement people have been lambasted somewhat by industrialists who have given us lectures as to the so-called little bit of defensive mechanism under which the processing authorities act. It has been cited in one of those that in negotiating contracts, the poor contractor has been negotiated right out of business. I don't take that too much to heart. I wonder if you have heard of it and what they are doing in Congress to change these defensive mechanisms?

MR. RIEHLMAN: I can answer that very quickly in one sentence-- in my experience in the last several years, I have heard nothing from them other than about the red tape they have to go through in filing bids, or in negotiations, or in buying surplus property. They very rarely come up with any suggestions or recommendations as to what should be done.

QUESTION: I gathered from your talk that you felt that a fourth service would materially improve our procurement practices. Within the Navy we essentially have a fourth service in our supply service, and for the common items that all of the Navy uses, we are much in favor of it and we think it is excellent. I am not going to argue too much about a fourth service for, let us say, common materials, but I am afraid we have done a very poor job, someone in the services has done a very poor job in not apprising Congress as to the complications with respect to highly technical military equipment, such as aircraft and ships.

We feel very strongly, those of us who have spent most of our lives in this field, that it takes a combination of operating people, technical people, civilian and military and industry--I am speaking now from aircraft experience and electronic experience. We feel that our art is moving so fast and our competition is so rough with respect to engines, we will have to continually move forward as a team with a product.

In other words we have to depend on industry, the aircraft and electronics industry; we have to depend on the operating fellows; we have to depend on fellows like ourselves, the pilot as well as the technical people; we have to depend on civilian people in the services to carry this ball forward at the rate that is necessary. We feel that if you break up this team and try to put the technical services--the aircraft and Air Force are very much involved--into a fourth service, simply translate so many different areas, so divide the procurement of our items from the user of our item that you might develop excellent procurement service, but we honestly feel you would be procuring for the services something probably obsolete and less usable to our services than, say, the Russians are able to provide theirs.

MR. RIEHLMAN: You have made a very good statement, including a good question, sir. I don't mean to be sarcastic. I am very sincere about it. It is a good statement, and I enjoyed hearing it because I am not here professing to be an authority on that problem. We get enlightenment from such things as this question and answer period we have here this morning.

I recognize the problem in the electronics field. I realize how fast we are moving, and that something developed today is obsolete tomorrow, especially with electronics. We have Electronics Park, one of the General Electric Company's plants, in my home city of Syracuse, so I am closely in touch with it and know what is going on.

I see the complications you have and the problem you have, and I would say this to you in all honesty and candor: I would be the last one to try to argue that point with you today because I am not so sure I would be qualified to do it. I think you have had tremendous experience with this problem, and the Navy has, and I know something about your supply system program. I recognize just exactly what you are saying about this tremendous field of electronics and aircraft advancement.

So it is a big subject, and one that you and I could take more than the next half hour discussing if we wanted to take it.

COMMENT: I want to suggest that Dr. Baker and other technical people be consulted before your committee gives serious consideration to a fourth service for the procurement of such technical requirements.

MR. RIEHLMAN: I would agree with you on that one. I personally think that airplanes, ships, and such equipment are outside the realm

of the fourth service program. I think we have other items that we can consider in any fourth service program that will keep us busy for some time before we try to correct all those problems arising from the more highly technical items.

COLONEL SMITH: Mr. Riehlman, you have given us a very interesting and forthright and positive discussion this morning. On behalf of the Commandant of the College and all these fine people, I thank you very much.

MR. RIEHLMAN: I have enjoyed being here. I have found it delightful and most interesting.

I hope that if you haven't had an opportunity to pose all the questions you might, that you will feel free to forward them to me.

Thank you for your kind attention and interest this morning.

(18 Apr 1955--250)S/sgb