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DOD RESPONSE TO HOOVER COMMISSION RECOMMENDATIONS AFFECTING MILITARY PROCUREMENT

23 February 1956

CONTENTS

Page

INTRODUCTION--Brigadier General F.E. Calhoun, USAF, Deputy Commandant, Industrial College of the Armed Forces..... 1

SPEAKER--Mr. Floyd S. Bryant, Special Assistant to the Secretary of Defense..... 1

GENERAL DISCUSSION..... 14

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Mr. Floyd S. Bryant, Special Assistant to the Secretary of Defense, was born in Reno, Nevada, 21 June 1894. He is a Rhodes Scholar and was graduated from Jesus College, Oxford with a B. A. (jurisprudence) in 1916. He received a J.D. degree from Stanford University in 1920. In 1914, Mr. Bryant served under Herbert Hoover on the American Commission for Relief in Belgium. The following year he served with the American Red Cross Ambulance Service in France. He served in France as a second lieutenant in the Field Artillery during World War I, and in Germany during the occupation after World War I. Employed by Standard Oil of California as a leaser in 1922, Mr. Bryant rose through various promotions to be Manager of the Producing Department. He was elected a Director of the company in 1940, and two years later was named Vice President in which capacities he served until he accepted his present position. This is his first lecture at the Industrial College.

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GENERAL CALHOUN: Secretary Berry and Gentlemen: Monday we heard from a member of the Procurement Task Force Committee of the Hoover Commission. As you know, the report of the Procurement Task Force was studied in the Department of Defense by a special group working directly under Mr. Wilson. This morning our speaker will give us the Department of Defense's reaction to the Procurement Task Force recommendations.

Mr. Floyd S. Bryant has had a long and distinguished career both in the Government and in industry. His Government service goes back to World War I, serving as an artillery officer in France, and with Mr. Herbert Hoover on the American Commission for Relief in Belgium. He has had a distinguished career in industry, rising to vice president of the Standard Oil of California in 1942, and continuing in that position until his return to Government service in 1955. He will speak with us very frankly this morning, and we would ask you to guard his remarks carefully until such time as his views and the views of the Department of Defense are officially released.

Mr. Bryant, it is a pleasure and a privilege to have you with us and to introduce you to this class.

MR. BRYANT: General Calhoun and members of the management and faculty of the Industrial College of the Armed Forces: Let me tell you first that I am really pleased and honored to be able to be up here before you today and to express my appreciation for the invitation. I would like to say that I feel a little badly that Mr. Charles Coolidge, my predecessor and my senior associate in this work, to whom the original invitation was extended, was unable to attend because he had finished his tour. While he had planned originally to come back here from Boston to make this address, he found that the only occasion he could get away on vacation would interfere with this, and he had to bow out. Consequently I got the opportunity.

I also want to congratulate you on the formation and management of this rather unique college. I read with a great deal of interest the message in the foreword by our President, which is very inspiring.

I am sure it means a lot to everyone who is fortunate enough to come into this class. Also the very concise and telling message in the explanation of General Hollis that is also in the foreword of this catalog.

I also--and I am sure I could speak for the Secretary of Defense in saying this--feel that the creation and the continuity of this type of Industrial College within the Military Establishment, in these days particularly, with such rapid advances in science, is a very encouraging and very useful step. I wish only that the public knew more about it. Maybe if I have any free time given to me by the Secretary, or when I finish my job here, I will have a chance to spread before the public some of this information that I have accumulated. I will hope to have that chance, and I will do the best I can if I do get that chance.

Now, in the first place, I want to make clear that what I am telling you does not reflect any particular background of experience on my part in my past business life in the technical field of procurement--its mechanics and methods. So that when it comes to the question period, rather than having you question me as an expert in procurement, let us direct our energy and attention toward spelling out some areas that I may not have made clear as to the philosophy of the Department of Defense in approaching the recommendations of the so-called Hoover Commission with respect to the recommendations of the task force on this matter of procurement.

I think it might be well at this point to make certain that you understand that not all of the recommendations, or the approaches, of the task forces of the so-called Hoover Commission--I am going to use that term rather than the official title, for simplicity--were adopted by the Commission. In the case of the procurement report I am not at all certain that it even was officially made a part of the record with the Congress. But, in any event, many of the areas of detail in several of the task-force recommendations, including this particular one on procurement, were wrapped up in the general review in the concluding document filed by the Commission, known as the "Report on Business Organization of the Department of Defense."

Consequently, in screening the recommendations of the task forces, in some instances we found inconsistencies between reports, and particularly that the final position of the Commission had either been differently stated or had been incorporated in the basic recommendations in the Business Organization Report. In replying, therefore,

to the individual task-force report, in each instance where any conflict, duplication, or change in attitude, as reflected in the Business Organization Report, materialized, the Department stated in its answer to the specific task-force recommendation: "We are holding this for our final comments on the Business Organization Report." That is true in at least one major area of the recommendations involved in this particular procurement report that we are going to talk about; and it is a very fundamental one, too, by the way.

In that same connection, since the Department's release of its final and considered opinion on the Business Organization Report has not yet gone forward, some of the things that I am going to tell you as to the attitude of the Department, as expressed through the Secretary, on those major issues, I would ask you for the moment to keep confidential. I have no doubt about the accuracy of the attitude that is forthcoming, but it would be somewhat awkward if his views were publicized before he makes his formal report to the Bureau of the Budget, which, of course, is his avenue to the President. I will tell you about those areas specifically as we come to them, so there won't be any question as to what they are.

Incidentally, knowing something of the background of this Industrial College and the high caliber of the students selected to come here, I have assumed that I am talking to experts in the procurement field. I am also assuming that you may already have had access to the responses made by the Department of Defense to this specific task force's series of recommendations. I say that because, as we finished our review of these task-force reports in the Department, except for the areas reserved for discussion under the Business Organization Report, we forwarded to the Bureau of the Budget without classification the Department of Defense's responses.

But in many instances, in order to obviate growing criticism about the ineptitude of the Department in handling its affairs, about its lack of communion with the public, we tried to get from time to time some publicity on actions taken by the Office of the Secretary on specific areas of recommendations of the Commission. These actions, obviously from what I have said, bore a real relationship to specific task-force reports and did not necessarily bear upon the attitude of the Department (except by inference) with respect to the Business Organization Report. So you may have, and I suspect that you have, seen our answers on some of the recommendations of the report that is our subject matter today.

Now, I would like to explain to you the manner in which Mr. Wilson went about setting up the mechanics of determining the common answers for the Department of Defense to the recommendations of the Hoover Commission. A job such as this, impinging on a vast department such as the Department of Defense, coming from a rather distinguished group of citizens, must necessarily get action. But in most organizations, particularly ours, everyone has a specific assignment, and he is pretty busily engaged in trying to perform that assignment. Consequently, it could have been everybody's business and nobody's business.

Mr. Wilson foresaw that, and early, almost immediately after the Commission had filed its final report within the extended time limit given it by the Congress, decided to set up a special shop, if you want to call it that. So he induced Charlie Coolidge, who had been former Assistant Secretary of Defense and Acting General Counsel, to come back to the Government from his law practice in Boston and set up the machinery for getting these recommendations screened by the military departments and the Office of the Secretary of Defense, through the Assistant Secretaries of Defense, and finally in that manner hopefully arriving at a basic conclusion which could be given as the Defense Department's answer in response to these recommendations.

Mr. Coolidge surrounded himself with four men, all of whom had had more or less experience as staff members of one or more of the former Hoover Commission group, and by reason of that knew something more than was in the text as to the thinking and the philosophy behind some of the recommendations. This proved to be a very useful thing.

Then these recommendations were, by reports, sent down through the Assistant Secretaries of Defense to the services for the purpose of accumulating the views and comments of the military departments. Any variations in approach or attitude on those were again screened through the functional ASD--I am already using initials and I have only been here about five months; it seems to be a handy translating device--and where those couldn't be reconciled, Mr. Coolidge himself--I joined him in September; he had been here since July--went down to the under secretaries of the departments and tried to work it out face to face to see if we could get something that the Secretary could look at as an approach to a combined attitude.

We had very good luck in that, I want to say; and it is rather surprising, surprising to a lot of people who make a great deal of fuss about the inability of the services to cooperate, that it did work out. In the only areas where real and honest convictions could not be adjusted, they came back to the Secretary at the level of the Joint Secretaries, which is a meeting held twice a month; and the surprising thing, as I said, is that we had such a high degree of unanimity in the final analysis.

Our comments, when we got to that point, were briefed in the Office of the Special Assistant to the Secretary. We went over them with the Secretary of Defense and, after his approval, released them to the Bureau of the Budget as being the studied attitude and response of the Department.

The procurement area that we are talking about here is, of course, a special area in the general overall procurement field. It was approached from that standpoint, I believe, by the Commission because of its realization that it could not be wrapped up in a general subject that included a lot of items of subsistence and other common-use items, common services, and so forth. And yet you and I know that this procurement portion of the budget--I mean military procurement; I am talking about hard goods now, like weapons and equipment--occupies approximately three-quarters of the total procurement budget, which means that the proposed fourth service, proposed by the Hoover Commission, would have reached into only a fourth of the total.

That, incidentally, if I may interject this remark, was one of the basic reasons that led the Department to reject the fourth service concept, among other important reasons--because we felt that the imposition of another layer simply to take care of common-use items, which is all that was suggested by the Hoover Commission with respect to the fourth service, leaving still intact the necessity for the maintenance of the existing machinery in the military procurement area, was extremely illogical.

At the same time, I think it is only fair for all of us to realize that these people who were recruited by a former President of this Nation to give their time and attention to a review of the organization of the Government, including the Department of Defense of course, didn't approach this problem, in my opinion, as carping critics,

although anyone who is under analysis is apt to read into the recommendations some criticism, or a greater degree of it, than is actually intended.

I will say this: that in my own opinion it would have been better, and probably would have secured faster and better results, if the task-force people, particularly in some areas, had been a little more temperate in the manner of criticism used in their reports. As a matter of fact, I have found myself that in some of those areas the manner of expressing views in the report has antagonized, if anything, the people who were criticized. I think that is just human nature. I am not going, therefore, to bother you and spend time in discussing the preliminary portions of the task-force's report on military procurement, which you fully understand. You have read it and you know by my former references what I have in mind.

Some of the task forces pursued some rather revolutionary approaches to their final recommendations--that is particularly true, I think, of the military procurement report--which approaches were not shared by the major committees. By that I mean that from time to time some of these task-force reports will give you the impression that the entire commission was imbued with a desire to scrap the whole machine and rebuild it on either a one-man domination or even, I suppose, in the image of the historical Prussian General Staff. But that was not the basic philosophy of the Commission as a whole. And for that reason I ask you again to be somewhat tolerant of the arguments raised or the arguments proposed, as used by some of the task forces, including that task force which wrote this military procurement report.

Getting down to the specific recommendations and the Department of Defense's responses: Recommendation No. 1, of course, in my opinion, is the most serious and the most provoking of all of the recommendations contained in that particular task-force report. If you had access to the responses made by the Department of Defense to this task-force report, which went forward to the Bureau of the Budget the latter part of last year, you would find that we had said in effect that the Department of Defense's attitude on this recommendation has been reserved for comment on the Business Organization Report, because the Business Organization Report carried almost in toto the same degree of support and indorsement as is contained in the recommendations of the task-force committee on this particular item.

In essence what it contemplates is the creation, as you well know, of a civilian position, invested with sufficient stature and authority to insure the establishment and maintenance of effective planning and review of military requirements. The official occupying this position would have on behalf of the Secretary certain specific duties, which I won't take the trouble to read.

At this point I might remind you of what I said earlier--that, since the Secretary has not yet publicized his response to this particular recommendation because he has saved it for an answer in the Business Organization Report, which answer has not yet gone forward and has not been filed with the Bureau of the Budget, what I am telling you as to the attitude of the Office of the Secretary about this will be considered presently confidential.

The almost immediate reaction of the Secretary and the entire Office of the Secretary, as well as, of course, the services, was this: that if there was anything lacking, it would not necessarily be cured by installing another man and consequent additional staff. It is the old principle of just putting another layer on top of a layer and hoping that that is maybe going to make something work that needs fundamental change at the source.

Secondly, it was an inference that the Secretary and/or the Deputy Secretary either didn't have the time or the ability or the machinery to do the job which was envisaged by this recommendation.

Well, frankly and personally, I have some doubt if there is any man who has those qualifications. Like everything else in a vast machine such as the Department of Defense, there has to be a coordinated effort, perhaps supervised--obviously it must be supervised--and directed by the Secretary and/or Deputy, but not necessarily planted in one individual with the assurance that the defects presumed to exist are thereby immediately to be cured.

We have taken the position that the Office of the Secretary of Defense is capable of doing, and is presently doing, the job which was recommended to be placed under another individual. In the first place, it must be remembered--I sometimes wondered whether or not some of these people realized--that the Department of Defense was and still is a rather young infant and that many things have not yet had an opportunity to jell; that responsibilities were being readjusted within the secretariat, and that literally little opportunity or

time had been allowed to observe the actual efficiency of the Department within a reasonable period of time. So that, principally during the time the Commission was reviewing the DOD, and principally since its reports have been written, many areas of overlapping activities have been corrected and coordinated within the Department and within the Office of the Secretary, speaking now specifically of that; and the relations between the Office of the Secretary and the military departments have been improved.

People have something to do with this. The best chart in the world is of little significance if the people involved are not either competent or willing or able to make it work. So that we felt that there was to a certain degree a misapprehension of the capacity of the Office of the Secretary and of the military departments with respect to this issue, and we are publicly going to so state. In other words, the Department of Defense will nonconcur in Recommendation No. 1.

I don't need to elaborate further on that except to say that there is obviously inherent in this recommendation an inference at least that the working relationship between the departments and the Office of the Secretary and the Joint Chiefs of Staff is limping. I can say from my own personal observation that that cannot be demonstrated to be a fact, at least at this time; and that the correlation through all those areas is effective. I don't suppose that we will ever be so happy as to find that there will be no disputes ever in any area. It wouldn't be normal if it were that simple. But at least we've got to the point where we know each other. We are willing to sit down and talk things over, and we don't need very much more in the way of special charts or special assignments to accomplish our obligations.

Recommendation No. 2 we have concurred in, we say, in part. As you recall, Recommendation 2 is a series of components, subdivisions, parts, and so forth, and covers quite a wide range of subject matter under what would otherwise appear to be a rather simple recommendation. It says that the Secretary of Defense should take steps to remove needless legal and administrative encumbrances upon the placement of military contracts, collaborating with the heads of other executive agencies and with the Comptroller General whenever necessary.

Well, I don't think there is any one of us that would not like with one fell sweep to remove all needless legal and administrative encumbrances. Unfortunately, we have to live with certain social and

economic policies. Some of the hurdles that you gentlemen face directly are occasioned by this social and economic legislation, which the Defense Department cannot very well urge be abandoned simply because it happens to interfere with the simplicity of the procurement task. We have tried to spell that out. While we have agreed with the end, we have pointed out that there are obstacles which are to be determined by the Congress, representing the will of the people, rather than by the Department of Defense, acting as an advocate.

Recommendation No. 3 we have also concurred in, in general. Recommendation No. 3 is that the Secretary of Defense take steps to establish an effective pricing policy on a Department of Defense-wide basis and see that the pricing techniques and procedures directly support such policy.

That is a worth-while objective. Our attitude has been that these things are always fluid and are being done; that there is no immediate panacea or blueprint for them, but that it is a growing and a vital and a continuing thing. We believe we can show evidences of approaching the basic solution suggested. Certainly no one can quarrel with the objective.

That, by the way, is something which we have tried to spell out in principle throughout our reply--that, however much we may agree, in most instances, with their objectives, if the sponsors come to the Department and discuss them, we have tried to point out that you can't do many of these things overnight. They are all however, a very fine and worthwhile goal.

All we can do--and we have made a practice of endeavoring wherever possible to do this for the purpose of supporting our replies--is to direct attention through issuances from the Office of the Secretary, whether in the form of directives or whether in the form of instructions or memoranda or whatever they may be, bearing on the specific subjects involved, that positive action has been indicated.

Just to indicate and to illustrate my point that these are objectives which can only be reached step by step, and that the steps that we indicate by quoting our directive are indications that we are approaching the goals desired, on No. 3 we concurred but stated also in particular what we have done.

Nos. 4 and 5 are much on the same order. These are recommendations for streamlining the complexity of contract administration. We realize, probably not as well as those who are on the firing line in the procurement activity, that there are areas of coordination, of streamlining, which can be made more positive objectives. There again you get into this question of how fast you can expect to proceed. As long as each department--and I am sure this is the case--operates on the same basic policy of trying to simplify its methods, we will gradually get to a certain point of perfection, again by experience, by trial and error, and by cooperation between the services and the secretaries, the Assistant Secretaries of Defense and the Office of the Secretary. We have tried to spell out some of these. These are what we call nondisputable objectives, to which people of common sense would certainly agree.

No. 6 is a recommendation that the Secretary of Defense designate the Assistant Secretary of Defense (Supply and Logistics) the official with primary interest--remember that--primary interest in establishing Department of Defense policy for the reporting and managing of inventories, with the immediate objective of overcoming the present gaps and inconsistencies in inventory reporting. We have taken the position in our response that, while it is true--and we agree--that the Assistant Secretary of Defense (Supply and Logistics) does have a primary interest in establishing policy for reporting and management of inventories, so also is the Assistant Secretary of Defense (Comptroller) involved from the financial side. And actually the two Assistant Secretaries mentioned have in the past worked together and do presently exactly that. It is a coordinated review, survey, and policy function. To that extent we believe that we are entitled to concur in this recommendation, and do so within our statement of what our practices have been and presently are.

Recommendation No. 7 has to do with tne replenishment of depot stock under certain conditions. That, we believe, has been indicated to be partially, if not completely, implemented, so far as policy is concerned at least, by the intent of Paragraph IV, subdivision 3, of Department of Defense Instruction No. 4140.4 "Management of the Material Pipelines, Including Levels of Supply," dated 3 September 1954.

Bear in mind that if I wander a little bit off the subject, it means I have forgotten something that is fundamental to begin with. In mentioning the straightforward answers of concurrence or nonconcurrence in principle, we, in the responses sent over to the

Bureau of the Budget, elaborate in what we call "comments" on each of these recommendations after we have made our initial statement of concurrence or nonconcurrence; and then, wherever possible, we have put in a paragraph on implementation, which is a paragraph reciting the actions which have been or are being taken.

I think you all are entitled to know that the Secretary of Defense has been told both by the Bureau of the Budget and by Mr. Kestnbaum, who is reviewing for the President at the Cabinet level all the responses made by the various departments on common subjects which happen to cut across departmental lines, that the Department of Defense has done by far the most complete job, and the best job, in its responses, not withstanding the fact that by all odds the Department of Defense had much the biggest field to cover.

Whenever we have had any reason to believe that our attitude was at such variance as to be questionable as far as reasonable concurrence is concerned, we leaned over backward and said, "We do not concur." We did that so that there could be no question that we were using an easy device to evade the issue. That, I think, will stand us someday in good stead.

But actually the Department has reviewed and has responded to and sent forward its comments on all but two of the nineteen basic Hoover Commission series of recommendations. It is true that we have not sent forward our final responses on special personnel problems and on the Business Organization Report. The reason the two were held up together is that, if you study them, you will find that many areas of the Special Personnel Report recommendations are interwoven with the basic recommendations of the Business Organization Report and must be handled together. We hopefully will have those last two in the hands of the Bureau of the Budget, I would say, within a matter of two to three weeks.

Now, there are a series of recommendations which I have lumped together. Maybe I should go back as far as No. 6 to and including No. 12 and say that these are recommendations of the type that are in favor of motherhood and rectitude. We have agreed that they are right. It is our intention continuously to review our actions thereunder to insure performance.

I don't feel that I should spend too much time in individual comment on those recommendations. If anyone of them happens to

be a subject of question in your minds, you will have an opportunity to ask me about it later. Otherwise I simply would indicate that for each we concur, and we comment on why we concur and what we are doing about it, and so forth. These have to do with establishing policies, initiating projects to reduce the time of administering, and so forth, all of which are, of course, to be desired.

However, when we get to No. 13, we get into an area which not only impinges on the Special Personnel Report, to which I recently alluded, but also, because of that, is also a part of the Business Organization Report. That has to do with the recommendation that the Secretary of Defense should establish a policy requiring each military department to develop and assign career-trained personnel to technical and executive posts throughout the field of procurement management.

The Special Personnel Report goes into considerable detail in this general philosophy of identification of jobs that are essentially civilian and those that are essentially military; and that theme is picked up by the Business Organization Report and made the subject of at least two basic recommendations in that fundamental report.

There is a little fuzzy area of philosophy connected with this, perhaps stemming out of convictions that certain people have, stemming perhaps from a lack of realization of the technical problems involved, and stemming in some instances out of, shall we say, a failure to appreciate the fact that we are not either in a war or out of a war at the present time.

We realize that there are in this complicated age many areas of jobs in the Department and in the services that might well be filled by civilians--competent, trained, experienced--to the relief of the military in the event of necessity, particularly, and in some instances perhaps to the benefit of performance. But that is without recognition of certain practical problems, of which the Department of Defense is well aware.

For instance, there is the necessity of training military personnel, and the inability to secure and hold competent civilians, at least within the competitive salary brackets involved, as between the civil service and business. It is all very well to refer to a hopeful goal and to argue that a man technically trained in scientific pursuits or in some specialty businesswise could be used to the betterment of

the performance of the, we may say, supply-type jobs in the services. But it is another thing to overlook this other problem of getting and holding these people.

While we agree on the basic principle, we have a practical problem, of which you gentlemen are probably more fully aware than I am, which we intend to spell out both in the Special Personnel Report and this collateral Business Organization Report. So in answering this particular recommendation in the procurement report we have, as in the case of No. 1, referred to our forthcoming answer under both the Special Personnel Report and the Business Organization Report.

No. 14 is not particularly important. We have concurred in that and have indicated the degree of implementation by the issuance of DOD directives.

Incidentally, in those areas where I have not quoted the directive--I recently quoted one--anyone who is interested in securing the citation can get it from a copy of our procurement report answer, which is not classified. We have some extra ones that the faculty or the management of the school can get. We have not, of course, given them out to all of you. It is a pretty expensive job. But, as I say, they are available at the Bureau of the Budget. We have some and we will be glad to furnish a reasonable number. You can take these statements down and from them get some indication of the type of actions that I refer to as having been taken.

I would like to finish by saying this: that it is important personally to me, and it would be to Mr. Coolidge if he were here, that you realize that there has been in some areas a misapprehension as to the reason for and the extent and purpose of the employment of Mr. Coolidge and Mr. Bryant in this field, in this area, and some inclination to look upon it as evidence of pressure. This might be thought particularly true in my own case, because of what was told to you about myself, about my early association with Mr. Hoover in Belgium in 1914. But that is not the case. We were put in here simply as a catalyst, to bring together and coordinate the various views, to simplify as much as possible the secretary's answers, to state the concurrences or nonconcurrences of the Department in those answers, and make them available to the President through the Bureau of the Budget. We have carefully refrained in all instances from any special pleading on any of the issues involved.

Again I want to thank you for the invitation. I don't think there is anyone in the Department of Defense, including Mr. Wilson--who has asked me to express his appreciation for the invitation extended to me--who doesn't have, as I said, a very comfortable feeling that this college exists, and that it is so well attended by all branches of the Military Establishment.

Now, to the best of my ability later on I will answer any questions that I can, but I would like to leave this thought again with you: I am not an expert in the mechanics of procurement, but I will endeavor to answer anything that has to do with the thinking and philosophy behind our responses. Thank you.

COLONEL CROKER: Mr. Bryant is ready for your questions.

QUESTION: It seems to me that your proposed answer to the second recommendation is, I might say, sufficiently platitudinous to be innocuous. It isn't going to do any good or any harm. I think the arguments you advanced for taking that position could be used in reverse English and that that is just the reason why the Department of Defense should recommend, respectfully of course, to Congress that, while you have no quarrel with the social and economic aims or objectives of this legislation, it should be hung on some other means than the military procurement concept. If you don't take some stand like that, I think this will be the last chance you will have to get rid of some of these things. Will you comment on that?

MR. BRYANT: I will try to answer that.

COLONEL CROKER: As you see, Mr. Bryant, we also have comments.

MR. BRYANT: As diligently as we tried to avoid platitudinous comments, there were times when we were trapped into that area. I did not, however, complete the whole story of our action with respect to Recommendation No. 2.

We did cite in our response certain areas in which we either thought we were entitled to initiate action, or in which some action was in process, or where we were willing ourselves to start action. We were taking it for granted that the so-called paragraph 1 of Recommendation 2, having to do with the amendment of the Armed Services Procurement Act so as to recognize that negotiation and common advertising had an

equally desirable use in the Department of Defense procurement--of course we concurred in that; but we threw back a positive answer, on the theory that the merits of this proposal had been thoroughly presented to Congress, including the Department of Defense's and the services' attitudes in connection with House Resolution No. 7995, on which hearings have already been undertaken before Mr. Vinson.

I think you gentlemen are aware of the background of that controversy. Small suppliers have taken the position that they are for all practical purposes shut out by the adoption or utilization to such a degree of the principle of negotiation; that if more advertising were required, they would have a better opportunity to get into the act in some instances.

Whether or not that is realistic I won't undertake to debate. I do know that there are members of the committee, including Mr. Vinson, who are not at all sure that the policy heretofore followed pursuant to the exceptions granted under the pertinent statutory authorities is proper at this time. We recognize the necessity for a large degree of action under negotiation in critical periods, but apparently we are not willing to regard this as a critical period.

I don't know that you, if you were in the position of the Secretary, would be willing to take the position that the requirements now existing in the law with respect to service secretaries--that those areas of similar requirements should be fought out at the instance of the Secretary of Defense. We have a feeling that we are probably going to get a better reception in the Congress if the suggestions come from outside rather than inside the Department. This may be a completely political answer; but what I am trying to say is, let's be honest in that this is a political problem and has to be regarded as such and has to be attacked as such.

If I am correct in what has been said to me by individual members of some of the Hoover Commission groups, they recognize that in some instances the Department is at a disadvantage in being the originator of suggestions in this and similar fields, and that the pressures had better be put externally on Congress. And they indicate that they are perfectly willing to take the initiative, once we are in position to publish our comments--and, incidentally, they are keeping in pretty close touch with us, because they think we are a little slow.

Maybe that doesn't answer your question, but it at least shows that we are conscious of it.

QUESTION: Isn't the Department of Defense's all-out effort in the single manager concept putting us in a spot where, if the single manager concept works, the proponents of the fourth service will say that it is just a steppingstone toward a fourth service? I am taking this quite seriously. And if it doesn't work, I think we will be in the position of having them say: "You should have come up with a solution of your own. Isn't the fourth service the only alternative now?"

MR. BRYANT: I will try to answer that. It may well be that some people who are strong advocates of the fourth service are inclined to take this as a steppingstone toward that objective. I will say that I am conscious of the fact that some of them hopefully do have that feeling. But the alternative, it seemed to us, was rather dismal.

In the first place, your attitude suggests the inference at least that the single service concept is not going to work. On the other hand, we take the position that, whether it will or not, there were enough so-called "horror cases"--which I believe were overplayed but nevertheless were conveyed to the public--to have made us vulnerable if we were to sit still and show progress only in cross-servicing.

Incidentally, in our concept of cross-servicing we will continue to go on with that as an adjunct and as a complement to the respective single management assignments. But to say: "We don't believe in your fourth service; we are all right as we are" would in my opinion, and in the opinion of the Office of the Secretary, be a worse spot to be in than to have advocated something on our own initiative to make the single service concept work.

If it doesn't work, I can't believe that we would be in any worse position than we are in today, interpreting the public's attitude as conveyed to them by the Hoover Commission task forces.

That may not be an answer to your question, but that is the thinking which motivated the action taken. I believe, while there are differences of opinion among the military departments individually, that fundamentally the military departments as a whole would prefer to give this a trial than to be saddled with the fourth service.

QUESTION: We have had several members of industry in here who told us they felt that it was the job of the civilian secretaries of the various departments to bring up problems such as relief to poorer areas by the awarding of contracts in those areas. At the same time,

I personally gather the impression that the various departments would rather leave it up to industry. Might it not be advisable to have the two get together and determine who should bring these various things up and decide on some course of action?

MR. BRYANT: That is a new approach as far as I know, and offhand it seems to have extreme merit.

I personally didn't know that it was the general concept that the services were leaving the interpretation of action in this area to industry to determine. I would have thought that the departments themselves would be quite conscious of and would take an affirmative position with respect to the problem. If there is any doubt, certainly the combination of the two interests would be more positive than one playing Alphonse and Gaston with the other.

QUESTION: You cited that one reason for turning down the fourth service was that it was limited to soft goods or common-use items, and that therefore it was illogical to handle just those by a fourth service. We have had considerable debate in the classrooms on this. Suppose the recommendation had been for a fourth service across the board, what arguments and what other basic considerations would the Department then have had against the fourth service?

MR. BRYANT: That is one that I didn't touch on, probably in the interest of time, except by alluding to one area, and that is that in our opinion the creation of another echelon or layer is only a subterfuge rather than a cure in most instances.

That also has in it the element of practicality. But the military experience is essential in this hard-goods area of procurement. We would have had to get it into the picture anyway. If we had a fourth service superimposed between the Secretary and the services, we would undoubtedly have had a duplication. There could be no escape from duplication there, to say nothing of the welter of paperwork involved, which we have also alluded to in our general comments on the Business Organization Report.

Generally speaking, we think that the greatest hazard is this constant tendency of growth rather than action or performance within existing facilities.

QUESTION: I would like to pursue that a little further. Aren't we layered right now under the single manager concept?

MR. BRYANT: Is that a question?

QUESTION: Yes, sir.

MR. BRYANT: We don't think so, because each single manager has a specific assignment covering his operation. He will be, of course, aided by the military as needed, in the areas in which they are best able to function. He will of course, have on his staff representation from the services that are also being commonly served or supplied.

Whether or not in practice the problem that you pose will expose itself we can't yet say. In principle it certainly need not. At least the review which has been available to me has convinced me that it is like anything else. It is the manner in which it is pursued and the diligence and effort toward perfection by the personnel involved that will make it realistic and make it work. It should not superimpose, as I gathered is the import of your statement or question, to the degree that the fourth service would.

QUESTION: Mr. Bryant, the single manager plan undoubtedly will take care of a number of items properly and quite adequately. However, it will be limited to only a small portion of the common-use items. Now, since we have seen by the first Hoover Commission that 56 percent of the volume of material being furnished by GSA is now going to the military, and that it has been increasing monthly for the last year, wouldn't further utilization of GSA give anyone concerned an opportunity further to call GSA a fourth service of supply?

MR. BRYANT: I don't care what you call it, GSA would then be the fourth service. We have the conviction that, whatever the nomenclature, it would still be an agency intervening between the Department and the services; and those general criticisms would still apply.

We have not felt that it has made much difference, but we realize that GSA would probably be a handy tool to utilize in setting up this fourth service. As a matter of fact, some of the recommendations of the task force actually refer to GSA as the agency that should be used as this medium. That doesn't alter my philosophy or the philosophy of the Department a bit.

QUESTION: I would like to refer to the general philosophy of the Department of Defense in regard to the Hoover Commission report. It appears to me that as a result of the formation of your own group, the Department of Defense is reacting in a major way to the publication of these reports; and if the Department so reacts, it is perhaps an indication for continuation of the policy of investigating the Department of Defense from year to year. With the completion of the Department of Defense's answer to these reports, as you have indicated, in the next two weeks, is there any program under way to self-generate our own criticism and take the ball away from these commissions?

MR. BRYANT: Let me answer the last part first, because it is important.

In the proposed answer of the Secretary to the Business Organization Report, he has given credit in the general statement to the stimulating effect of the review made by the task forces of the Hoover Commission as an agency for self-policing; I mean, not an an agency, but as a stimulus for self-policing. I don't think that the attitude taken in recognition of the reality of some of the Hoover Commission recommendations by the Department is necessarily an invitation to further reviews. I would think that an attitude which might be interpreted as ignoring that rather important and congressionally endowed body would subject us to more punishment and more review than if we took it seriously and showed that we were, both by suggestion and by our own initiative, perfecting our machinery. In this connection I want to say that when we have taken action which happens to coincide, we have made it clear that we thought of a few things ourselves and will continue to do so. Maybe that is the only way to forestall another investigation, although as long as there is a Congress and an alert public, I don't think we can ever expect to be without some investigations.

QUESTION: I am a Marine and so don't really understand all this business about a fourth service. In reading the staff papers of the task force on procurement there was one recommendation which I thought was rather significant. I don't know whether it appeared in the final report or not. I would like to ask you about that one in which it stated that the present guidance given to the services came out of the midrange plan, which was issued six months before the President came out with his budget message; so that the services were acting on guidance that was not necessarily consistent with the President's

budget message, and frequently was not, and so that most of the effort in getting out military requirements was effectively wasted. Then the reviews were made on the basis of the President's message, and they had the benefit of second sight on those, and naturally the services' budgets were talked up considerably because of the different guidance.

MR. BRYANT: I suppose the question there really is, What is the degree of coordination and common understanding of plans? It is a little out of my line. Certainly insofar as it confuses the budget planning on procurement it is important. But it happens to be, obviously, a matter of high-echelon review in the Hoover Commission's recommendation. To this objective we subscribe and believe our present organization can effectively provide such reviews.

I think that there is a recognition in the Defense Department that a greater degree of coordination and common understanding is essential. But, as you know, we have a variety of agencies, not only the Chiefs of Staff, but the National Security Council, as well as the DOD involved in this effort.

The best I can say to you is that there seem to be differences of opinion servicewise and publicwise as to what kind of war we are going to fight, when we are going to fight it, and how long it is going to be. There is not necessarily going to be a compromise in the determination of that issue, but to me it would be surprising if there were not broad fluctuations from time to time, depending upon the external political climate as well as the internal. I don't know that there is any ready answer that would insure that a firm and fast policy, once made, could be expected to persist for very long.

COLONEL CROKER: Mr. Bryant, our time has run out here. On behalf of all of us here at the College, I wish to thank you for a stimulating and frank discussion of a very difficult subject. Thank you very much.

(2 April 1956--250)B/dcp