

92  
THE ARMY INDUSTRIAL COLLEGE  
WASHINGTON, D. C.

Course 1934-1935

ACTIVITIES OF THE ASSISTANT SECRETARY OF WAR  
IN CURRENT PROCUREMENT

by

Lt. Col. Earl North, C.E., Director  
of Current Procurement

November 23, 1934.

AIC 61 (11/19/34)17

93

ACTIVITIES OF THE ASSISTANT SECRETARY OF WAR  
IN CURRENT PROCUREMENT

by

Lt. Col. Earl North, C.E., Director  
of Current Procurement

Your Director has given me the honor of addressing you on the subject "The Activities of The Assistant Secretary of War in Current Procurement". I am pleased to have this privilege for I believe that many officers of the Army do not realize that The Assistant Secretary has important duties pertaining to current procurement, and that a still larger number do not have a clear idea as to just what these duties are, how they are exercised, or what relation they bear to the supply functions of the General Staff and the procuring services.

The question as to whether procurement should be supervised by The Assistant Secretary of War, by the General Staff, or by any central agency will not be discussed. We do know that the Congress in the light of the supply experiences of the World War provided in the National Defense Act that The Assistant Secretary of War would be charged with supervision of the procurement of all military supplies and other business of the War Department pertaining thereto.

The Assistant Secretary of War has many and varied duties - more since the office of the Assistant Secretary for Air was discontinued. Some of his duties are statutory and some are delegated to him by the Secretary. Not all of his duties pertain to procurement. In general all business matters of the War Department, except those pertaining to the Panama Canal, Panama Railroad, Inland Waterways Corporation and Bureau of Insular Affairs are handled in his office, while all military matters, as you know, are handled by The Adjutant General and the General Staff, except a few which are delegated to the Assistant Secretary by the Secretary.

The current business matters which come to The Assistant Secretary's office are handled by the Current Procurement Branch. Of course, the most important and most numerous duties of the Branch pertain to the current procurement of supplies and it is to these particular activities that I shall endeavor to confine my remarks. Please bear in mind that the term "procurement" means acquisition of supplies by purchase, production or other legal means.

Procurement is only one link in the supply chain and not the first link. Before quantity procurement can be begun certain preliminary work must be performed. Funds must be obtained from the Congress or other agencies; experimentation, research, development and service tests must be carried on to determine the most suitable and efficient supplies and equipment for our Army; the types and kinds found suitable must be adopted and approved for procurement; and the particular supplies and quantities thereof which are to be procured with the funds available must be determined. Of course, the quantities of such routine supplies as clothing, equipage, subsistence and regular supplies which are to be procured are automatically determined by the procuring service from the Tables of Basic Allowances. For other important items of supplies and equipment, the procuring services are required to submit Requirements Programs for approval by the General Staff, which programs state the items and quantities thereof which the services propose to procure with the funds appropriated for such purposes. Appropriations - always inadequate to meet all requirements - must be apportioned so that the most necessary supplies will be procured with the funds available. These preliminary steps constitute the first link in the supply chain, and are under the supervision and control of the General Staff. Aside from the actual procurement of such supplies as may be needed in connection with the preliminary work, about the only interest that The Assistant Secretary of War has during this stage is whether the types, kinds and quantities approved for procurement present any serious procurement problem and whether the stipulated military characteristics when written into the specifications will unduly restrict competition or arbitrarily eliminate important manufacturers. If the competitive field would be unduly limited by such military requirements, or if other procurement difficulties are anticipated, the General Staff is consulted to see if modification can be made without serious detriment to military needs. If not, The Assistant Secretary likes to know that there is sound defense for such military requirements in order that any objections which may be made by the industry or by the Comptroller General to the restrictive or other features of the specifications may be overcome, or if not overcome that the action of the War Department could be successfully defended in a Court of Law or in a Congressional or Grand Jury Investigation.

All of these steps having been accomplished, the actual procurement stage - the second link in the supply chain - is reached and it is at this point that the Office of The Assistant Secretary enters the supply picture. Before

94

purchase or manufacture of important classes of supplies, such as clothing, equipage, utilities, automotive equipment, ordnance, aircraft and other important technical equipment, is initiated, the procuring service is required to submit a Procurement Program to The Assistant Secretary of War for approval. This program shows each item to be procured; quantities; estimated cost; what depot or procuring agency will make the purchase, or at what depot or arsenal it will be manufactured; when bids will be invited; length of time between issuing invitations and opening bids; what specifications will be used; and what will be the requirements as to delivery schedules. We are particularly interested in seeing that proper specifications will be used, that ample time will be allowed for bidders to submit bids - 30 days if practicable - and that delivery requirements are not any more severe than necessary as this might result in higher bids and shut out smaller dealers and manufacturers.

When the invitations for bids are issued a copy of each is mailed to The Assistant Secretary of War. Abstracts of bids received with awards indicated are also furnished our office. All contracts over \$25,000 in amount for aircraft or aircraft accessories, and all awards for automotive vehicles are required by our regulations to be approved by The Assistant Secretary of War. All contracts, regardless of amount, for aircraft or aircraft accessories purchased under the special procurement provisions of the Air Corps Act are required by law to be approved by the Secretary of War. He has delegated this duty to The Assistant Secretary. No other contracts come to our office for approval. Monthly reports of open market purchases over \$100 in amount must be submitted for approval as required by law.

These invitations, abstracts and open market reports are examined in the Control Section of our office to see that laws, regulations and policies governing procurement are being complied with. Any delinquencies are called to the attention of the procuring service so that corrective action may be taken. A public information service is maintained so that all interested persons may by calling at the Control Section obtain information as to the invitations for bids which have been issued, the names of bidders, the prices bid, and the bidders to whom awards were made. Quarterly Progress Reports are prepared in the Control Section which show the progress being made by the supply services in procuring certain of the more important items which are to be acquired within the current fiscal year. As the funds appropriated

by the Congress are available for obligation for one fiscal year only, it is important that proper procurement progress be made in order that the funds may not lapse before all of the supplies are contracted for. Also it is important that the supplies be available at the time needed. The items on which the supply services are required to submit Progress Reports are designated by our office. They are the same as the items on the Requirements Programs submitted to the General Staff. Those items of equipment and materiel which are most essential to our military efficiency and state of preparedness are selected for control by the Staff and for progress checking by us. Charts No. 1 and 2 attached show some of the items selected for checking and the graphical methods used for showing the progress made in the procurement of each.

Since you have been furnished a mimeographed paper showing the organization of our office, the officers on duty therein, and the kinds of cases which they handle in connection with current procurement, I shall not take any more of your time in detailing further our daily routine administrative and control duties in the handling of current procurement matters. A large amount of correspondence and numerous business men come into our office on matters incident to procurement. A large percentage of these cases are protests and complaints from industry, from bidders, and from contractors about specifications, bids, awards, N.R.A. code violations and requirements by and decisions of our contracting officers.

In brief, our statutory supervisory duties cover the procurement of all military supplies by purchase, production or other legal means, whether obtained for experimental, service test or issue purposes; inspection, test, acceptance and any temporary storage necessary in connection with procurement; procurement of materials and facilities for manufacturing purposes; the civilian personnel engaged on current procurement duties; and the construction, maintenance, repair and inspection of all establishments and facilities for the foregoing purposes. Our procurement duties end when the supplies have been inspected, tested, accepted and delivered to the proper supply service for storage or issue, or when their manufacture in a Government plant has been completed and delivery made to the proper supply depot or using agency.

The third and last link in the supply chain is under the supervision and control of the General Staff. It comprises the distribution, storage and issue of the supplies. If at a

95

later date any of the supplies become surplus to the military needs and are declared so to be by the Secretary of War, their disposal is authorized and supervised by our office - one of the delegated duties of The Assistant Secretary of War.

To summarize the supply responsibility:

FIRST STEP - Requirements as to quantities and types - supervised by the General Staff.

SECOND STEP- Procurement - supervised by The Assistant Secretary of War.

THIRD STEP - Distribution, storage and issue - supervised by the General Staff.

Now let us turn to the operating side and get a general picture of the agencies which execute procurement. Supplies are procured by the several supply services and, to a limited extent, by the National Guard Bureau. The Quartermaster Corps procures all supplies of a commercial nature which are common to two or more branches of the Army. Special and technical articles are procured by the branch using or issuing such articles. The Technical Supply Services are the Ordnance, Engineers, Signal Corps, Air Corps, Medical Corps, Chemical Warfare Service and, to a minor degree, the Coast Artillery Corps. Chart No. 2 attached shows the total amount of supplies purchased during the last fiscal year and the percentage of the total which each supply service procured.

It will be noted that the Quartermaster Corps is the big procuring agency for the War Department. Of course, the amount expended in the fiscal year shown is considerably above normal because of purchases for the Civilian Conservation Corps. Annual supply purchases for the Regular Army normally run from \$80,000,000 to \$100,000,000. Chart No. 3 attached shows the total purchases and distribution thereof among the supply services for more normal years.

You will note that the National Guard Bureau does some procurement work. It gets most of its supplies and equipment through the supply services of the Regular Army, but it does buy some subsistence, fuel, forage, and camp repair and construction material.

There are three operating procurement echelons which execute current procurement and through which the Assistant

Secretary of War exercises supervision:

- FIRST - The Offices of the Chiefs of Supply Services.
- SECOND - General and Branch Depots and Manufacturing Arsenal and Depots.
- THIRD - Procuring Agencies at Posts, Camps and Stations.

The first two echelons operating directly under the control of the chiefs of the services and consequently the procurement activities of these two can be more closely and efficiently supervised than those of the third echelon, which operates under Corps Area and Department Commanders. The agencies in this latter echelon are numerous and they make numerous purchases, all of which makes supervision difficult. During the past fiscal year there were 537 purchasing officers in the Quartermaster Corps alone. They made 510,000 purchases during the year. You can see that the Control Section of our office has plenty of material to work on.

Each Chief of Service coordinates and controls the procurement operations of his agency. The Assistant Secretary of War supervises the procurement activities of all the supply services. The Director of Procurement, Treasury Department, coordinates and controls the procurement activities of all the Government departments and establishments.

Let us leave the operating side of the picture for a moment and return to the supervisory side. The Congress has charged The Assistant Secretary of War with supervision of procurement. According to the dictionary "to supervise" means "to oversee for direction" or "to superintend". In other words, it is the statutory duty and responsibility of The Assistant Secretary of War to oversee the procurement work of the various operating agencies and to coordinate and guide their procurement activities so that they will work as an efficient team towards a common goal. Remember that all the supply activities of the supply services, other than procurement, are supervised by the General Staff so that each supply service works under two different supervising agencies. The supervisory duties of The Assistant Secretary of War should be confined to the determination of broad procurement policies

96

and to the coordination of the activities of the several procuring services, leaving to the chief of the supply services the actual details of operation in order that his organization may function as a harmonious unit. In organizations of the scope and complexity of the supply services of the Army authority and responsibility must be delegated to the chiefs thereof to the fullest extent and by them, in turn, to their subordinates in order to assure the attainment of the supply mission.

In brief then, The Assistant Secretary of War merely stands on the side lines and watches the work of the current procurement team. As long as it is operating in accordance with existing instructions and policies, no directive action is required by him. It is only when some member of the team makes a bad play, or is about to make a bad play, or when after watching the team in operation he believes that a change in the line-up or in technique would result in improvement, that he steps in and exercises control in conjunction with and as a result of his supervisory duties. Of course, there are times when he has to transmit orders which come from higher authority, such as the Director of Procurement, Treasury Department.

The mission of current procurement is:

1. To procure supplies of the designated kind and quality in the quantities required and in time to make them available when and where needed.
2. To maintain satisfactory relations with the business world.
3. To procure supplies as economically as is consistent with the foregoing objectives and as is possible under restrictions imposed by laws and regulations from higher authority.
4. To establish a peace-time system of procurement which can be converted into a war procurement system with a minimum change.

All the foregoing objectives are interdependent. It is a primary duty of our office to determine such policies and methods of procurement and direct such changes in the organization or procedure of the operating agencies as will further the attainment of the current procurement mission.

Our existing policies which we believe will further the attainment of the foregoing objectives are:

To confine the activities of the Office of The Assistant Secretary of War in current procurement to supervision only, leaving to the chiefs of the supply services full responsibility for execution of procurement.

To use the method of centralized procurement to the fullest extent practicable.

To build up an adequate force of skilled procurement personnel.

To have one central organization in the office of each supply service in charge of all procurement executed by that service.

To make specifications as unrestrictive as is consistent with military requirements.

To use the open competitive method of purchase as against purchase by negotiation.

To secure as wide competition as practicable.

To advertise requirements for important purchases at least 30 days.

To evaluate bids only on evaluation factors plainly stated in the specifications.

To limit production at our manufacturing plants to supplies non-commercial in character and which can be produced at such plants on an economical basis - this in order not to compete against private industry. The existence of such plants is necessary to carry on research and development; to test military materiel; to determine the fair cost of production of military supplies, and to act as a protection against exorbitant prices from private industry.

To make maximum use of the method of open market purchase for small quantity transactions, in order to reduce paper work and overhead cost.

To give patient and careful consideration to protests and complaints from bidders and contractors and to render just, impartial and consistent decisions thereon always bearing in mind that the interests of the government are paramount.

I shall discuss what in peace time and in the eyes of the Congress, the Comptroller General and Mr. and Mrs. Taxpayer is the most important objective in the procurement mission, and how we endeavor to further its attainment. I refer to economy in procurement. The economic efficiency of our current procurement machine is affected by many varying factors, some of which are entirely outside of our control. For example, there have been many laws enacted for the purpose of safeguarding the public purse, or for promoting the general welfare, which directly or indirectly regulate the conduct of business between the Government and the public, and some times the requirements of such laws are not conducive to economical procurement. Also it is essential that we maintain cordial relations with industry. We are restrained from driving as hard a bargain as can be driven by a shrewd purchasing agent for a private corporation. This state of affairs - like the weather - may handicap our operations, but like the weather we cannot change it, so we must worry along as best we can with the restrictions.

Why is economy in procurement so important? In the first place, I conceive it to be every officer's duty as a public servant to protect the interests of the public when he is acting as its purchasing agent. The Congress which appropriates the money and the taxpayers and buyers of Government bonds who furnish the money have a right to expect that it shall be spent wisely and economically. In the second place, the more economically we buy the more we can get with our allowance of funds and thus maintain a higher degree of preparedness with our meager annual appropriations. Also the more efficiently we buy the more confidence will business men, taxpayers and political leaders have in our business ability. This increased confidence leads to our being entrusted by the Congress with more money to spend. In the third place, economical purchasing requires efficient purchasing. Efficient purchasing in peace time is good training for war time procurement. If inferior supplies can be foisted on purchasing officers in peace time, it is safe to assume that the same thing will happen to a greater degree and with more serious results in the hurry and confusion of war purchasing.

Among the factors under War Department control which enter into the procurement efficiency equation are management, organization, personnel, facilities and equipment, and methods of procurement. In a little pamphlet published by the National Association of Purchasing Agents, Professor Russell Forbes of New York University states:

"The methods by which supplies, materials and equipment are obtained were not always so important to governmental efficiency and economy as they are today. A century ago the average government was simply a policeman whose only function was the enforcement of law and the preservation of the public peace. Today the average government - state or local - is a public service institution, supplying from the tax funds not only police protection and public school education, but exercising a hundred and one other functions for its stockholders, the the taxpaying public."

In principle we believe that the method of procurement which makes for the greatest economy is centralized procurement. In the pamphlet just referred to Professor Forbes defines centralized purchasing as follows:

"Centralized purchasing in government is the delegation to one office of the authority to purchase supplies, materials and equipment needed for use by all the several branches of the organization. It is neither a fad nor a theory but a combination of logic and economics. It may well be called a sentry at the tax exit gate."

There has been considerable agitation in recent years in Congress and by business men for a single procurement agency to do the purchasing for all the Government departments. I shall not have time to discuss the advantages and disadvantages to the War Department of such a highly centralized plan. I suggest that you think it over and discuss it among yourselves during your slack moments at the College, and that you consider it from the standpoint of preparedness in peace time and procurement in war. The question of consolidating Army and Navy procurement under a single agency has been under consideration. Should all purchasing for the Army be centralized in a single bureau as is done in the Navy? I believe you have a future problem on this subject. Consider the organization and mission of the Army when studying the question.

Now let us see to what extent centralized procurement has already been put into effect in the Federal Government. A Procurement Division in the Treasury Department has been created as the central procurement agency of the Federal Government. It purchases supplies required by all the Government agencies for use in the District of Columbia. If a supply service so requests, this Procurement Division will contract for the requirements for any designated supplies for all the field agencies of that service. It is mandatory that the requirements of all Government departments and establishments for typewriters, office labor-saving devices and electric lamps be procured by the Procurement Division. Recently there has been added to this mandatory list office furniture and rugs, and for certain sections of the United States gasoline other than aviation gasoline. In general, the Procurement Division at present is more of a supervising than an operating agency. Its principal function as regards the procurement activities of the Government departments and establishments is the determination of policies, methods of procurement, warehousing and distribution of property, facilities, equipment, supplies, etc.

The purchase of envelopes for all Government departments is centralized in the Post Office Department. Certain supplies are manufactured in Federal prisons for all Government departments.

Now for centralization within the War Department. While we have seven (7) different purchasing organizations and hundreds of different purchasing offices scattered throughout the United States, nevertheless the great bulk of our procurement is fairly well centralized. Each of the supply services has an authorized list of items it is authorized to procure, and it may not procure any item of a kind not on its procurement list without special authority. If it needs supplies not on its authorized list, it must procure them through the service or agency authorized to procure such supplies. These lists are established by a Board of Officers and approved by The Assistant Secretary of War. Items are assigned to the list of that supply service which is best qualified by training and experience and which has the best facilities to procure that class of supplies. By this method the procurement of supplies of a particular class or kind is centralized in a single organization. It has been pointed out that the procurement of over two thirds of all Army supplies is centralized in the Quartermaster Corps.

Let us see to what extent procurement is centralized within these different procurement organizations. Within the Quartermaster Corps the procurement of the total requirements of the Army for certain articles handled through the commissaries is centralized in the office of The Quartermaster General. The procurement of the uniform, equipment and equipage, and other articles for which it is desired to maintain uniformity and for which the requirements of the whole Army can be consolidated is centralized in one depot for each class of supplies. Certain other supplies, the requirements of which can be consolidated for certain regional areas, are bought only by certain Regional Depots. The remaining Quartermaster Corps supplies may be procured locally or otherwise. Perishable supplies and supplies not carried in stock by depots are procured with funds allotted to Corps Area and Department Quartermasters. The Corps Area or Department Quartermaster may send the requisitions of the using agency, together with the funds, to a depot to make the purchase or if in his opinion the supplies can be readily procured locally and no price advantage would be gained by depot purchase, he may authorize the post, camp or station to purchase the supplies.

Procurement by the technical supply services, except the Ordnance Department, is for the greater part centralized at a single point. The Ordnance Department procures its supplies at six (6) manufacturing arsenals and four (4) depots. Chart No 4 attached shows graphically the extent to which procurement in the War Department is centralized.

It is difficult to make further progress toward the economy objective via the centralization route because of conflict with other supply requisites. One obstacle is the cardinal requirement that supplies must be available to the using agency when and where needed. In order that centralized purchasing may result in maximum economy the supply procedure must be such that the requirements of the many using agencies can be consolidated; that ample advertising time can be allowed, and that a reasonable amount of time can be permitted contractors to manufacture and deliver the article. In other words, centralized procurement requires considerable more time for accomplishment than does decentralized procurement. To operate satisfactorily to all concerned, the centralized method requires that the using services must anticipate their requirements considerably in advance of the time that the supplies are needed. For articles which must be manufactured on order, requisitions should be submitted three months or more in advance of the time the supplies are needed. It is difficult to get the using agencies to do this as it is human nature not

to see the need approaching from a distance, but to wait until it has arrived and is knocking at your door.

Due to the fact that the peace-time requirements for the Regular Army are fairly constant and supply procedure has become more or less routine, not much necessity arises for local procurement of important items due to failure to anticipate requirements, but when an emergency like the Civilian Conservation Corps arises it is difficult to adhere strictly to the method of orderly centralized procurement.

If depot stocks of Quartermaster supplies which require time for procurement could be maintained at distribution depots for prompt shipment to the using agencies, procurement efficiency could be considerably increased, but it requires working capital - a stock fund - to set up this method of operation and thus far the Congress has never provided a fund for such purpose. A stock fund would make possible a higher degree of centralization and a greater consolidation of requirements with a consequent increase in economy.

Depots now have to make purchases of non-stocked items in dribblets as requisitions come in from using agencies. This is "hand-to-mouth" buying and it requires a large amount of paper work and does not permit of consolidating requirements into quantities sufficient to obtain price reduction. Reduction in paper work is an important factor in reducing the overhead cost of procurement. Russell Forbes says "if centralized purchasing does not reduce the number of orders - if instead it merely results in a continuance of a large number of small orders - it becomes a millstone around the neck of economy." I previously mentioned that during the last fiscal year the Quartermaster Corps alone made 510,000 different purchases. Think of the paper work involved. If a stock fund were available, considerable reduction in this paper work could be effected. It would also permit timing the purchase of items for replenishment of stocks so as to take advantage of market trends.

A stock fund for the manufacturing plants which do not have such a fund would enable them to lay in a stock of raw materials at favorable prices instead of buying "piece-meal" for each manufacturing order as it comes into the plant.

To summarize - the economy objective in procurement attained via the method of centralization does not always harmonize with the "promptness of supply" objective. To bring the two into harmony the using services must anticipate requirements well in advance, or a stock fund must be provided to maintain a supply reservoir from which supplies can be issued promptly on call.

No method of procurement can result in a high degree of economic efficiency unless skilled procurement personnel is available. In the Army we do not have sufficient qualified procurement personnel to station good buyers and inspectors at all posts, camps or stations, nor can proper testing facilities be provided everywhere. We endeavor to maintain a skilled force of buyers and inspectors at the big purchasing depots, each depot force having specialists for buying and inspecting the particular line of supplies assigned to that depot for procurement. These buyer specialists gain a wide knowledge of sources of supply, of the tricks of the particular trade, of market trends, and acquire a high degree of efficiency in judging prices and quality. These large depots are also provided with testing and laboratory facilities for determining the quality of supplies offered. This is an added reason why the method of centralized purchasing makes for greater economy. By this method supplies are bought at the big purchasing centers where experienced buyers are provided, instead of being bought at places where purchasing must be done by inexperienced buyers. There are tricks in every trade, and there are always plenty of vendors ready to take advantage of an inexperienced buyer. A good purchasing officer must know how to specify what is required; how to get the widest competition; how to determine awards; how to inspect and test the quality of the product offered. He must be familiar with contract procedure and all the numerous laws, regulations and decisions of the Comptroller General governing buying. A successful department store must have skilled buyers for each class of goods it carries. If the buyers are not efficient the store fails. If our buyers are not efficient we fail in our procurement mission. In the Army we buy many thousands of different items of supplies from potatoes to aircraft, and we need a large, well trained procurement force for the job.

We are able to check to some extent the efficiency of our procurement agencies when the supplies are manufactured at one of our depots or arsenals. Existing law requires that certain supplies shall be manufactured at these Government plants to the extent that they can be produced on an economical

basis. The best way to find out is to ascertain the price for which they can be purchased from private manufacturers or from other Government plants. For example, recently there was required a considerable quantity of standard Ordnance pintles for attachment to motor vehicles bought for the Motorization and Mechanization Program. The pintles on which bids were invited were identical with the pintles manufactured by the Ordnance Department for Artillery vehicles. The Ordnance Department was given an opportunity to compete with private industry for this business. The Ordnance Department offered to furnish them for \$16.30 each. The lowest bid received from private manufacturers was for \$8.92 - nearly one-half the Ordnance bid. It would seem on the face of this test that the Ordnance Department cannot manufacture pintles on an economical basis.

Some of the more common faults committed by purchasing officers which result in uneconomical buying are: Specifying a patented, proprietary or trade-marked article by name when there are other satisfactory brands or makes; writing a specification around a particular make of article because the buyer or user has a personal preference for that particular make, this fault usually being the indirect result of the work of some high-pressure salesman; specifying non-standard sizes or requirements which necessitate special manufacture when commercial standard articles would meet the requirements; failure to advertise requirements widely or to canvass the best sources of supply for the product bought, usually resulting when supplies must be bought in a hurry due to failure to anticipate requirements; paying prices for the quality specified in the contract but accepting inferior quality because of inability to recognize or determine the quality delivered. A specific example of this is the purchase of beef for Civilian Conservation Corps camps. In some Corps Areas each Camp Commander is permitted to buy beef locally. Although Government standard specifications which are used in the purchase of beef call for a good grade of steer meat, these officers inexperienced in buying do not know whether the vendor is furnishing cow, bull or horse meat.

We have in our records many specific cases of poor buying on the part of our local purchasing officers, and once in a while our skilled buyers do not buy as wisely as they might. If we could increase our procurement efficiency so as to effect a saving of ten per cent, we would save from our appropriations a million or more dollars per year which could be advantageously utilized for other purposes.

I shall leave for your consideration the remaining objective in the current procurement mission - that is,

establishing a current procurement system in peace time which can readily be converted into a war system. It is another nice problem, and I believe you will find when you reach it in your course, that it is not so easy to reach a satisfactory solution. In considering it remember the many restrictive laws and regulations which govern our procurement organization and procedure in peace time which would be inoperative to a large extent in time of war.

With us, as with other swivel chair workers, our time is so taken up with handling routine details that we have little time to devote to our real mission - that of studying existing procurement organization and methods with a view to directing changes which would result in greater economic efficiency. Once in a while we do get a chance to come out from among the trees and take a look at the forest. As an example of work which I consider along the line of our real mission, I cite the following instructions sent by our office to one of the supply services about a year ago:

"The Assistant Secretary of War desires that an immediate and intense study be made of the existing purchasing organization and operation of your department with a view to effecting further economies in purchasing. In order to expedite this study you are authorized to use all personnel under your command engaged in procurement planning. This study must be rendered within a short time and should contain recommendations as to changes and estimated savings that should accrue therefrom.

"The following suggestions are furnished you as a general guide, but your study should not be limited to the program given below:

The assignment of additional commissioned personnel for current procurement duty at the principal purchasing stations of your department.

The employment of a longer period between the distribution of circular proposals and the date of opening of bids.

The preparation of specifications to cover all important items for which no Federal or United States Army specification has been prepared. In

preparing these specifications use to be made of specifications for similar articles which have been prepared by other Government departments.

The improvement of inspection service by employing better qualified inspectors and exercising closer supervision of this service by commissioned personnel.

The centralizing of purchasing duties within given areas or zones.

An increase in the number of items, the procurement of which can be centralized at one point for the entire Army."

While this study did not result in all the improvement which we hoped for- there are always obstacles to progress - it did result in further centralization of procurement.

Gentlemen, I hope I have given you a fairly clear picture of our activities in current procurement; what we conceive our mission to be, and how we endeavor to accomplish it. The officers on duty in the Current Procurement Branch will be glad to give any of you an audience at any time and explain our activities more in detail.

I thank you for the attention which you have given me.