

Dec. 5 Procurement control; by Capt Frank W. Bullock, SC

Not available

Discussion following lectures of
Colonel John W. N. Schulz, C.E
and
Captain Frank W. Bullock, S C.

December 5, 1938

Q. The Treasury Department seems to be taking over more and more items. Will that eventually, in your opinion, become the purchasing department for the whole government?

A. (Colonel Schulz) Your first statement is correct, I think they are taking over a little more. Not being the seventh son of a seventh son I hesitate to say very much, except I certainly hope that they will never take over the procurement for the War Department except such as does fit in with the scheme of centralized purchases for the whole government.

Q. In that connection, in drawing on the general schedules of supplies it is very convenient, as I have found it, from the Government's viewpoint, but when these mandatory items are on a warehouse schedule it makes it very difficult.

A. There is a great deal to be said on both sides of that question, of course I think, generally speaking, that there is a little over-emphasis on the benefits and advantages of centralized procurement. In some cases it certainly is beneficial and advantageous, but in other respects you run into little bits of difficulties, and it is a question of whether or not it is a little more economical to do it the other way.

Captain Bullock: In connection with that, the use of warehouse schedules, the practice in the War Department is that whenever a

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requisition comes through against the Federal warehouse we have, by general agreement with the Treasury Department, arranged to have them refer that requisition back to us before they fill it We in turn refer it to the chief of arm or service concerned and in probably 99 percent of the cases the requisition is never filled and the supply officer in the field is directed to go ahead and buy it.

Q. Colonel Schulz, procurement as used in the Army and the Navy is a wider term than just purchasing. I am not certain that all have a clear understanding of just what is meant by procurement Can you give a good definition of what you mean by procurement?

A. (Colonel Schulz) I don't know whether I can give a good definition. What procurement means to me is all methods of securing the material needed, the supplies, equipment or material needed by the War Department We use procurement largely as synonymous with purchasing but that really isn't correct; it includes purchasing, it also includes manufacturing, such as in our own arsenals, at the Philadelphia Clothing Depot and the like. It also includes what might in a way be called purchasing but is really transfer as from one branch of the Army to another and one governmental department to another Really three different categories are included in the general term "procurement " Procurement is any way short of actual theft, I suppose, a way in which we can obtain what we need

Q. The Procurement Division of the Treasury Department has a number of contracts on which it is mandatory that governmental departments procure their supplies and many other contracts where it is not

mandatory but simply to be used in cases to their advantage. When I last had anything to do with procurement I found that Army regulations at that time were not specific in requiring the officers taking advantage of those contracts that were not mandatory without first determining whether they could do better in their own location by advertising. In other words, they used those contracts simply to get around issuing invitations for bids. I don't know what has been done about it now but I have found many cases where they used those contracts that were not mandatory.

Captain Bullock. We very carefully avoided putting any positive instructions in there. Army Regulation 5-320 merely says that the determination of whether or not a schedule is applicable, whether or not a non-mandatory schedule is used is for the determination of the officers.

Colonel Schulz, The first presumption is he is going to do that in the interest of economy and efficiency of the Government, but I can see there might be a temptation for him to do it merely because it is the easiest way and not the economic and efficient way.

Q. I can cite you one particular case and there are several others. The Baltimore Lumber Company located in Baltimore has contracts covering hundreds of different items, and our purchasing contracting offices throughout the United States, and particularly in the C C C., would order on that contract lumber and various items without making any effort whatsoever to determine first whether he could obtain those supplies cheaper. We had quite a problem that came up on that and there were several instances where it is proven that he could have done better had he bought the material locally. I thought that our instructions

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were not of a specific wording so as to prevent him from doing that.

Colonel Schulz That is probably so. Of course I think the instructions by implication are against doing that, although they may not be so worded. Of course that comes back somewhat to the question of these requisitions for supplies from the warehouse that often come in when it is better to do it the other way.

Captain Bullock: I might say that under paragraph 1, AR 5-100 that question is indirectly covered (Section quoted)

Colonel Schulz That is sort of backhanded.

Q. While that is true there is another place which says the man may take advantage of the Treasury Department contracts, and I don't think the two tie up sufficiently to put him on his guard. If he reads that he goes ahead and buys on contract.

Colonel Schulz: That is a good thought.

Captain Bullock That is answered this way. In AR 5-320 it says "If an item is listed in a schedule but the office requiring it is not required to participate in that schedule, the item may be purchased as indicated in (2) above or it may be purchased as directed in that schedule if the latter is considered desirable and if the contractor chooses to accept the order. If such an order is to be placed and if the quantity is large, the contractor's consent will be obtained prior to placing the order, but if the quantity is small, the order may bear the following statement. Acceptance of this order is optional but if not acceptable,

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please return the order within five days." I think the question is pretty well covered.

Colonel Schulz: It comes back to a definition of that word "desirable." Some people may think "desirable" is the easiest way for them to do it.

Q. In summing up these army regulations five series and the procurement instructions for the Procurement Division, in view of the fact that the Treasury Department has started in taking over purchases, is there any liaison between the Treasury and the War Departments through the Procurement Division that will have them procure the same way in time of war the articles that they are procuring now?

Colonel Schulz: That is a sort of troublesome problem I am not sure that we have arrived at a proper solution of what ought to be done in time of war about those items which are now bought in common for the different branches, for the War Department specifically Unless some steps are taken to the contrary, I presume the thing will work out in that they will continue to do just that same thing. I think if the War Department found there was some reason that we had to call those items back and buy them where and when we needed them, that would have to be taken up then. Of course it is possible we may negotiate with the Treasury Department in advance of actual war. So far as I know, at present nothing has been done

Major McPike: Colonel, I gathered from your talk that you thought competition would be largely eliminated in case of a national emergency. Would you care to go into that a little further as to what grounds there will be for that?

Colonel Schulz: You are raising a rather troublesome question, one that has troubled me from the days of my membership here at The Army Industrial College Competition in its present sense can't exactly go on at the same time that you are having procurement by means of allocation, at least I can't visualize how those/^{two}things can go hand in hand. You might be getting some things by competition and others by allocation or you might have a certain limited competition within allocated facilities, but you can't have wide-open competition in time of war like you have in time of peace and at the same time have a system of allocating orders and purchases manufactured by any other sort of a system. You can't, as I visualize it, get a proper distribution of your war load to different sections of the country and at the same time have wide-open competition. Furthermore, the competition wouldn't be so much the competition of industry to get our orders as it would be the competition of our own departments again as it was during the World War to get the production capacities of the various facilities throughout the country.

Major McPike: I think the placing of compulsory orders under Section 120 would eliminate the necessity for competition legally

Colonel Schulz Well, it would where you use it but whether you would want to use it entirely or whether you would still want to have some things purchasable by competition is a question It is a thing which we used to debate off and on, and certainly I am not wise enough to give the complete answer.

Q. Along that same line, Colonel Schulz, as I understand it they are trying to cut down the number of allocations and there are regulations which state they will only use allocations where the production is less than five times our probable military requirements, and I have never heard expressed, and I wonder if you can tell us, the approximate proportion of war materials we plan to make through allocated facilities and the proportion otherwise. It seems to me that it is quite possible that a relative small percentage of our expenditures might be to allocated facilities, in that a relatively large proportion might be spent through competition for other supplies.

A. I wouldn't be able to give you any figures. A thing like that might be answered by the Planning Branch, but I could give you my speculation only.

Colonel Miles: In answer to your question, forty-nine cents out of the Army dollar went to the Ordnance, which was largely a matter of allocation, and when you add to that the Air Corps and the others which are going to come also out of allocations you run into a sizeable percentage of the total.

Q. The Procurement Planning Branch, I believe, plans the procurement methods and policies during an emergency. What coordination is there between the Procurement Branch and the Current Procurement Branch, and will you tell us just what becomes of the Procurement Planning Branch when the emergency arrives.

Colonel Schulz: The first question is, what cooperation is there between the Procurement Planning and the Current Procurement Branch in

time of peace? As a matter of fact, they don't have to coordinate very much, that is, the problems are quite different. There is a separate Current Procurement from the Procurement Planning. Where there is a necessity of coordinating or cooperating, it is done freely, but my experience has been that there aren't very many questions that do have to be coordinated. One thing is this matter of educational orders. The educational orders, of course, are primarily the baby of the Planning Branch because the Planning Branch because the Planning Branch is the branch that is looking ahead to war production, to the necessity of certain war reserves, and then the necessity of speeding production to make the gap between the requirements and what we will have on hand as a result of war reserves. They have to decide what particular facilities need the education, what particular items of supply need the education, etc., and when it comes to the final scrutiny from the standpoint of present day law and present day procurement procedures, etc, other things have to be taken into this educational order proposition. It comes over to the Current Procurement, and this matter of educational orders is a thing the Planning Branch and Current Procurement cooperate on. However, most items of procurement being made by the Current Procurement Branch or by the branches under the Procurement Branch are not so directly related to the work of the Planning Branch.

As to what is to become of the Planning Branch or what is to become of the Procurement Branch, when the big day comes, of course the present plan is that Current Procurement at that time and the continuation of Procurement planning at that time will become so closely wrapped together that the Planning Branch and the Current Procurement Branch will be brought

into one so-called Procurement Branch which will do both. Just to what extent the class has already studied the proposed organization of the Procurement Branch I don't know. It is a thing that the Planning Branch mainly handles. They plan it and they present it here before the College. I don't think that I could say anything in these few moments that would be of value compared with what you are getting in other lectures, either past or future.

Q I understood that part of the Procurement Planning personnel went up to the super-agency and part was merged with the current personnel. Just what that breakdown was I wasn't quite sure.

Colonel Schulz: Current Procurement being a smaller outfit than the Planning Branch, I am talking about the branch of the O.A S W , and particularly the present Current Procurement being much smaller than the grand total of the Procurement Branch will be in time of war, I think that ought to be considered more in the form of Current Procurement being absorbed into the Planning Branch although it will be called the Procurement Branch. I have never heard anything to the effect that anybody from the present Current Procurement Branch will go to the super-agency I suppose in the case of the Planning Branch itself, some will stay in the Procurement Branch and some will probably go up to the super-agency. If I am wrong in any of these statements, which really are somewhat out of my line, I would be glad to be corrected by any member of the Planning Branch.

Q. On this question of lowest price always involved in the acceptance of bids, it seems to me that accepting lowest prices on contracts defeats to a great extent another feature that you brought out, and that is the broadening of the sources of supply. It seemed also, following that

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thought along, that because of that we have had to go into educational orders more or less, I realize, of course, that is not true entirely. That seems also to have two aspects. In accepting the lowest price I know, of my own knowledge, at least one firm that was practically driven out of business because they couldn't meet the contract when they got along so far, and in that case it put them out of business and dried that source. And finally, it seems to me in some cases the tendency would be to leave us with sole sources. It seems to me that there is some conflict between the question of lowest price and at the same time expanding our sources of supply. Would you care to go into that a little?

Colonel Schulz: You have analyzed the proposition pretty well yourself. I don't know that much could be added except to give a cure for that and I don't think there is any real cure for it. In the first place, the bidder may bid too low and lose a lot of money and therefore put himself out of business entirely, and that takes off our list one of our competitors. But what can we do about it? We can't very well go out and protect him, or keep him from making his own low bid. It is a law that ties us partly.

Q Have you ever considered the mechanics of giving the lowest bidder 50% of the order, the next bidder 20%, and perhaps the next 10% and keep a group of people in business, and it still would offer an incentive for people to bid?

A Looking at it just from a plain, common sense standpoint we would be paying more money. There is no way under law it can be done. We do

exactly that thing sometimes because the low bidder may not bid on the full quantity we ask for. In that case it operates itself because the low bidder doesn't offer the full quantity. There is no way legally you could do it. The law says we have to buy at the lowest prices.

Major McPike I was under the impression the Navy did split their bids up that way.

Captain Holland: Under the provisions of Revised Statutes, 3709, that could only be done if our requirements for delivery were such that no one low bidder could meet those requirements, but we couldn't just step out and set required delivery times with that end in view. It would have to be legitimate requirements that we needed at a particular time That is the only way we can split awards except certain provisions of the Air Corps act which are not applicable.

Colonel Schulz We are talking about general provisions. Under the Air Corps act there is a certain latitude which makes it unnecessary to make the purchase from the absolutely lowest bidder because there we evaluate the different airplanes submitted by the different manufacturers, and the determination doesn't rest entirely on the lowest price

Colonel Miles: Has the O.A.S W ever thought of setting up a list of bidders?

Colonel Schulz I am sorry to say, Colonel, that the necessity for it just hasn't come up in such a way as to require very much thought to be given to it. I am not prepared to answer the pros and cons one way or the other. To a certain limited extent this relates again to the Air Corps, we do something of that kind there. I am going to ask Captain Holland to answer that.

Captain Holland: We do it, but we only do it by utilizing the Air Corps act again. We have so-called acceptable lists of bidders on hundreds of items, but the way we do it is this. We notify the industry at large of the particular item involved and ask them to submit a sample article meeting our specifications, at their expense. If that article is acceptable or if it is not acceptable but can reasonably be made acceptable by reasonable changes at their own expense, all right. Then if it seems to meet the provisions we make an experimental purchase, pay for it at a negotiated price, and service test it for the necessary period of time, perhaps three months, or a year. If it passes the service test satisfactorily, then it is placed on our approved list of bidders. That may constitute 12 or 15, and when we go out for competitive bidding we use that list. We definitely have approved lists.

Colonel Schulz: That is an approved list of items, not bidders. It is a particular piece of equipment that has been approved.

Colonel Miles: If there were some way of getting it, on the basis of allocation, set up as an approved list of bidders for war procurement so that you could at that time eliminate at least the bidding on the part of individuals who are not so set up you might save yourselves a lot of trouble in time of war.

Colonel Schulz: In time of war we have different orders. The general idea is we will have so much more liberal orders in time of _____. Then you might have a certain limited competition among just the people to whom these items have been allocated. Suppose you need only a quarter as much as your total allocated facility, then you might, I suppose, get bids from

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those four allocated facilities and actually give the award to the one that made the most advantageous bid to the Government. I don't know that any such thing is in the minds of any, but I think that would be possible.

Colonel Miles: The one difficulty is that you never can tell when M-Day comes. You may be in a transitory period, for instance, right now. What steps can we take to make it possible to procure from the allocated facilities, which I think is an important situation because otherwise during that transitory period you are almost bound down by your competitive system.

Colonel Schulz I think you are pretty nearly right, except so far as the Section 120 of the National Defense Act would allow some little additional leeway. In time of war or when war is declared imminent you are allowed to do certain things, among other things, of course, you are allowed to requisition things from certain manufacturers, or if they won't furnish what you requisition you can actually commandeer their plants and start to work on that basis. Of course doing those things would be a way without competition.

Colonel Miles: That depends on who is at the top of the Government at the time. If we are approaching a war without really knowing it and we still are subjected to the competitive system we may put certain vital purchases at a very critical time on a competitive basis and get the nondescript results that sometimes come from that system through the giving of the lowest bidder the job, and you might hamstring hours at a time when we needed just the opposite approach. There are a lot of things revolving in my mind all at the same time but it seems to me that some approach

could be made if the firms which were allocated were set up as an approved list, this might eliminate objectionable firms at the proper time, whereas otherwise you would have to carry the objectionable firms along as your allocated firms.

Colonel Schulz: I think under the present law there is no way.

Major McPike The Judge Advocate General ruled that a contract order placed under Section 120 eliminated all necessity for competition.

Colonel Schulz: That was when war was imminent.

Major McPike: Do you think it would be desirable, inasfar as educational orders are concerned, to write into the law a provision that, -for instance, we have three contractors we want to keep in business. We have one who is a low bidder, and two others who are higher could be given portions of this award, and the differential could be made up by the money which was appropriated for educational orders. Do you think that would be desirable to have that in the law, the provision to make that apply to that part of the educational order?

Colonel Schulz: There might be something in that. It is a thing that would be of advantage primarily from the war standpoint and should be considered thoroughly by the Current Procurement. I can see there might be cases where that would be advantageous to do Whether those cases would be enough to justify having a law like that I am not prepared to say off-hand. Generally speaking, I will say that the general idea of the Current Procurement Branch leans very heavily on straight out and out competition. We really think that that is one of the biggest safeguards in honest buying that we have. It does take away from the ability to use one's judgment To a considerable extent you have to use that judgment in

making up your specifications and getting out your invitation for bids
 When you realize how every kind of an award that would be made under any
 condition other than straight competitive bidding, how there would be an
 appeal and protest, and the number of cases we have of that kind is almost
 negligible. The only way you can get away from that sort of thing is to
 have a pretty sharp rule. That rule is the rule of competitive bidding,
 giving it to the lowest possible bidder who can produce what the Govern-
 ment has asked for provided it is in the interest of the Government to
 make the award at that time. Whenever you relax that, from the Current
 Procurement standpoint we are certainly introducing troubles and difficulties
 for ourselves. If it is vital from a war standpoint to do it, then you
 have got to balance those two things against each other. It is something
 that the Planning Branch ought to do some thinking about.

Q. We know that bids in time of peace are made on the basis of what
 the contractors can get out of the job as well as their actual costs.
 Since the governing factor is for the Government to accept the lowest bid
 under the law, might there not be included in the proposals a provision that
 if acceptable to higher bidders certain proportions might be distributed
 at the lowest bid price?

Colonel Schulz: You can see the objection to it would be that it
 would encourage holding back, because they might say, "Well, I will hold
 back a little bit and then I will take part of his business."

Q. A large proportion of the order could be placed with the lowest
 bidder and it could be made plain that that would be the case.

Colonel Schulz You would have to study every particular case It

would take almost a super mind to really carry that thing out and accomplish it without innumerable cases of difficulty and friction Every case would have to be analyzed.

Colonel Miles. It seems to me that the greatest thorn, and I have been in the states doing purchasing, at the arsenals, etc , is the man who comes into the picture and bids at a low price and then holds up the production at the arsenal while you are waiting for him to find the stuff or produce it. A good deal might be done in the direction of eliminating that type of individual if this list of acceptable bidders were set up for various items in the same sense that the Navy Department does it. It seems to me you could set up your list of acceptable bidders by action of a board or whatever other administrative procedure was necessary to make the selection, with the full understanding and consent on the part of the Controller^{ler} so that the list once set up would be in accord with his idea of what the procedure would be in accordance with the law. If that were done, there would be a scramble on the part of those manufacturers who are not on the acceptable list of manufacturers to get there, and they would have to get there by a proper procedure not by the decision on the part of individual purchasing officers whose ability to decide between offers is quite small in some cases. I have never felt anywhere near qualified to choose between bidders on the basis of my knowledge of them, but if that had been established it would have helped me immensely in making my purchases. I think Current Procurement and the Planning Branch ought to be getting together on that rather important point in connection with procurement so that what we are going to do in time of war might be ironed out in advance, rather than wait until the calamity is upon us and then start to decide. I think one way of setting

up a proper procedure would be to get an acceptable list of bidders, based on the allocation system, then more people would be interested in getting on the list of qualified people. The net result would be that you would increase the availability of facilities on your list of allocated firms.

Colonel Schulz: There might be cases where that might be beneficial to do. Certainly the case that you bring out, the fly-by-night bidders, is a very serious question in a lot of cases. It is a hard question to solve at present.

Colonel Miles: It would put onto these qualified individuals the responsibility of determining whether a bidder is qualified or not.

Colonel Schulz: There is another way. Sometimes the bidder might be perfectly qualified to perform on a certain contract that he makes a bid on and yet not on another one. He might be able to do something for the Air Corps at Wright Field, for instance, and do it all right, and something he might offer to do for the Ordnance perhaps he couldn't do. That is one reason we have up to the present felt that the decision as to the responsible bidder ought to be made by the particular contracting officer right on the spot who presumably has more complete knowledge of his immediate requirements and perhaps some knowledge of what that man has done in that particular field, and that sort of thing. You wouldn't want to bar him off the entire list because he couldn't do it for one particular item.

Colonel Miles: I always felt that the higher-ups in the War Department were passing the buck to me when I had to make the decision

Colonel Schulz. Perhaps I relate things like that more to construction, and I feel that in general as a district engineer on a construction award I would have better facilities to find out about that.

Colonel Miles I don't think there is any general --

Colonel Schulz. I think the idea is well worth consideration

Q Captain Bullock intimated that insofar as we follow meticulously all the procurement circulars and various regulations and restrictions just so far will this current procurement go along smoothly. That may be true for the mass of commercial articles, but it certainly isn't true, if I may be brusquely frank about it, for many of the technical articles, for which no one has been able to write a specification that is foolproof. In our arsenals we get procurement programs usually about six months late and we are given a delivery date that takes considerable rushing and pushing to even begin to meet The manufacturer, you know, usually gets it after everybody here in Washington has haggled over it a long time, and he is told to deliver that quickly. He will want to buy certain machines which you and everybody in the trade knows are alone the machines fit to do that particular type of work You can write a definitely non-restrictive specification and get nothing, or you can be one of these "smart guys" you referred to and slip it in there although perhaps it isn't quite so obvious and perhaps get the kind of machine that you and everybody in the trade who knows the manufacturing game knows that that is the only kind of a machine you ought to have to do the job. In other words, it has increasingly gotten so that this is true, that for a large number of technical lines, certain cutting tools, certain machines themselves, certain electrical appliances, to the extent that the arsenal buys and

equips itself with that equipment to that extent also is somebody sticking his neck out in order to get it. What I am getting at is, what machinery have you in Current Procurement to remove those restrictions to make it a little unnecessary for an officer to, as we all call it, stick his neck out in order to accomplish this objective that he has had assigned to him I stress again that those of us who spend the money and do the work look on this procurement as purely a means. The objective is to get this job done that our boss here in Washington has given us, and increasingly, certainly in the last five years, in my experience it is more difficult for me to buy those kinds of things than it used to be. What I am getting at is, is it appreciated here, have we got some machinery that will realize that you can't buy gauges, you can't buy certain machine tools, you can't get certain cutting steels, you can't get certain cutting tools by a specification entirely. There has to be some other way of restricting it to the competent producers, of which there may be only one or two, although there are twenty who will claim they will give you what you are after, and you know through good experience it won't work after you get it. That takes the heart out of the man who has to accomplish a certain objective but can't get the things with which to do it.

Colonel Schulz: I think the War Department appreciates the trouble, but I don't think there is any set-up in the machinery of the Current Procurement system of the government or the War Department which obviates the necessity of the man who wants to purchase the machine to accomplish the objective that his boss here in Washington wants done, the necessity on that individual of writing the specification so that there will be the

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least restriction possible, so that they will be non-restrictive except in essentials of the word, requirements will be open to the biggest competition possible, and yet will be so written that they won't get what they don't want. It is just an individual job that has to be applied to every individual case. It is a hard one, I have been at both ends of the game and I know. But no matter what the War Department wants, remember you have one further taskmaster, the Comptroller General.

Q. My question was very closely associated with Colonel Miles' question. The Quartermaster has just a little different angle in that most of the items that the Quartermaster buys are more or less commercial items. Every purchasing officer is, I believe, troubled by contractors bidding that he knows bid a low price and he knows when he makes the award that the contractor is going to be delinquent or he is going to offer a product that is below what you have asked for. I personally have tried to bar those people out and I have never been sustained. I would like to know if there is anything a purchasing officer can do.

Colonel Schulz. If he is sure of his ground and can say that those people are not responsible bidders he doesn't need to consider their bid, but he is on the defensive, it is up to him to prove that these people can't do the job.

Q. The point I was going to raise has been covered, but it seems to me that the Current Procurement Branch should be the one who is responsible and they should have an up-to-date list of all --

Q. In line with that, the question often comes up to the subsistence officer of who is going to determine when a bidder who has been determined

as irresponsible ceases to be so. How long can the purchasing and contracting officer use this in a punitive manner? Suppose that by performance this bidder shows that he is irresponsible and therefore and purchasing and contractings officers say, "We will throw your bid out " The next time he refuses to consider the bid How many months or how many times is this going to keep up, and who is going to decide whether or not this irresponsible bidder truly ceases to be so. That is very often a question and there appears to be no answer in this regulation as it stands.

Colonel Schulz. Of course that is one argument against the Current Procurement Branch, these three officers here and others, and I sitting on top of it, that is one argument why we can't decide that proposition These purchases are going on all over the United States, in the Philippines, in Hawaii, the situation is changing all the time. If anyone can keep in touch with that situation it ought to be the procurement officer, not somebody sitting up here in Washington at a desk. There is no reason why that procurement officer can't appeal to others If he thinks anybody else has more intimate knowledge he can appeal to them, if he knows that this fellow has just fallen down on a contract somewhere else he can certainly correspond with that officer.

Q. Of course there is always recourse to the bond, but in subsistence we have more curbstone brokers than any other form of procurement The lack of correlation between different departments has hurt us too. We knew that the Navy Department and the Department of Agriculture blacklisted a man and put him on the secret list of debarred bidders, and we took steps to keep him off our list But they said, the fact that he is a crook in the Department of Agriculture or in the Navy Department is no sign that he

is a crook in the War Department.

Major McPike: I want to make amends about the remark as to the application of 120 Captain Holland was right.

Colonel Schulz: Thank you That is the first kind remark we have had.

Colonel Miles I want to say that whatever we have said here has been said out of the kindness of our heart and is not to be taken -- we know what a fine job the Current Procurement Branch is doing and what it has done towards coordination in the War Department. These little squeaks are heartfelt and well meant.

Colonel Schulz We are glad to get these views They give us food for thought. Just what the answer will be I don't know. However, putting a little food for thought the other way, I think we ought to -- while we do have difficulties in certain of these respects that have been brought up, four or five at least in which there is trouble, there is only one good way that I can think of off-hand to obviate all that trouble, and that is to rest entirely on the judgment of the people that are placing the contracts. In other words, throw asade all rules and regulations, all the rules of the game, and every man is just going to do what he thinks is for the best interest of the Government How long is that going to continue? Until somebody does something that isn't for the best interests of the Government. So think of the whole and measure these troubles against the benefits of the present system, considering the whole purchases made in the course of a year. Those are things we have to think about.

Colonel Riefkohl: Gentlemen, I think Colonel Schulz came down here

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and gave us a splended talk, and then we "put him on the spot", but we certainly have a great deal to think about from the different angles, and, as Colonel Schulz said, perhaps something can be done - maybe. On behalf of the College, I want to thank you very much, and Captain Bullock also.