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CONGRESSMAN'S REPORT

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MILITARY SPENDING -- LET'S STOP THE WASTE

Our country faces as many serious problems as we've ever had. Some of them, like Berlin, are dramatic. Others are less so.

Since coming to Washington I've devoted much of my efforts towards trying to find some way we can reduce federal expenditures and balance the federal budget without damaging our national security. One of the largest untouched and largely unnoticed areas where economy can be achieved is in the field of defense expenditures.

Most people don't realize it but nearly 3 out of 5 dollars spent by our national government goes for national defense. Another dollar goes for paying the cost of past wars (interest on the national debt, veterans benefits, etc.) and for other items of national security such as foreign aid and space technology. Only about 1 out of every 5 dollars goes into non-defense expenditures.

I believe we can save 2 to 3 billion dollars a year on our defense budget if we will only apply to the Defense Department the kind of common-sense business practices which have been so successful in other areas of our national life.

If you were to pick a number one challenger of wasteful spending by the Pentagon it would have to be Sen. Paul H. Douglas, Democrat of Illinois, an economist and legislator of great stature. For years Senator Douglas has criticized the spending policies of the military. He has at once been a champion of national security through strong military forces and an arch-critic of military wastefulness.

As we talk more and more about "crushing taxes," "inflation," and "bureaucratic bungling," we ought to turn more attention to the way our military people operate.

You have heard of some of the charges proven by Senator Douglas. He showed, for example, that the Army paid \$29 for wrenches which could be bought from a tool company for \$3.89 and that the Navy paid \$21.10 for lamp sockets which could be purchased for 25 cents in retail stores.

Senator Douglas estimated that \$2 or \$3 billion a year could be saved--or turned into missiles and guns -- by some revamping in the military establishments.

The Hoover Commission for years has been urging a "civilian-managed agency" in the Defense Department, responsible only to the Secretary, to administer purchase of items commonly used in the several branches of the armed forces--such as clothes, office supplies, cars, food. This

involves an expenditure of \$8 billion yearly and, says the commission, "enormous savings are possible."

There has been evidence that the military bought new items while it sold similar items as surplus for an average of 2 cents on the dollar of original cost.

In our school districts, cities, counties and most federal agencies, the common practice is to purchase supplies by competitive bids. But when we get into the military field here's what we find for fiscal year 1960:

- 86.2 per cent of the value of contracts was NEGOTIATED. This amounted to \$19.7 billion.
- Only \$3.2 billion or 13.8 per cent was let by competitive BIDDING.
- Only 4.5 per cent of the number of contracts was formally advertised.
- 67 per cent (\$15.4 billion) of the dollar value of all contracts was NEGOTIATED with only ONE source.

Just before he left office, President Eisenhower warned: "In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."

Perhaps Mr. Eisenhower was moved by some statistics gathered for fiscal year 1960:

- 10 companies and their subsidiaries received 36.1 per cent of the dollar value of all defense contracts.
- 20 companies received 49 per cent
- 100 companies received 73.4 per cent

One other point along this line: Senator Douglas found that, as of 1959, 768 former military officers had been employed in 97 of the 100 largest defense contractors. (Still to be heard from at the time of compilation were General Motors Corp. and the Standard Oil Companies of California and Indiana.)

I have great confidence in the new Secretary of Defense, Robert S. McNamara, who made such a fine record as a Ford Motor Company executive. He is aware of his vast responsibility to establish procedures whereby the American taxpayers will be given a good return for their defense dollars. In any establishment as large as our military, there is going to be some waste, as no doubt there is in our large, privately-owned corporations. The Defense Department's task is made doubly difficult by the necessity for security in many phases of its spending.

But it behooves us, if we are interested in fiscal soundness, to apply more attention to the military who manages 60 per cent of our federal budget.