

Mr. WHEELER. I thank the Senator for his observation.

I have in my files a letter from a large contractor in my State, who has been building and is now building Army bases and doing other construction work throughout the country. He has written to me saying that the idea of renegotiating contracts is the greatest incentive to hoarding labor there could possibly be.

They take contracts at huge prices with the idea they are going to renegotiate them. That is what has been done in a great many instances. Contracts have been made at exorbitant prices in some instances with the idea they will be renegotiated. As the writer points out in this letter, it is the greatest incentive to the hoarding of labor that could possibly be given. He says:

If you eliminate that and put them on a regular basis you will find out how much labor will immediately be freed and will not be hoarded.

I quote further from the Baruch report:

Such wasteful practices are encouraged, among other things, by prevailing cost-plus-fixed-fee contracts. Under these contracts the Government pays all costs—whatever they are. Since the Government is footing the bill, there is no incentive for manufacturers to economize in the use of materials, facilities, or labor. More workers are hired than are needed. Workers may stand idle—it costs the manufacturers nothing. Much labor is wasted.

Mr. President, I inquire, who is responsible for that situation? Is it due to the complacency of the people of the country? Is it the fault of the Congress of the United States, or does the fault lie in the administrative departments of the Government? Unless we solve this problem, what responsibility do we have? I do not wish to, and would not, interfere with the executive departments if it were not necessary. But when the executive departments themselves have completely broken down and have not done their job—as is said by Mr. Baruch in his report—then whose responsibility is it to take charge and do something about it? If the administration will not do anything about it, the only place left for the people to come to is the Congress of the United States.

Mr. REED. I am sure the Senator from Montana and myself share the view which he has expressed. Both of us have had long public life and many

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contacts. I venture the assertion, with which I believe the Senator will agree, that not in my lifetime have I seen such a profligate waste of money, so much inefficiency, so much confusion, and such a lack of a sense of proportion with regard to costs as related to production, as exists at the present time. If the morale of the country breaks down under that kind of a situation it is the fault of the administration and the administrative policy.

Mr. WHEELER. I thank the Senator.

With reference to Government waste, the report of the Byrd committee, Senate Document No. 66, page 4, of June 18, 1943, states:

With 55 percent of the Federal employees not engaged in direct war production—

Fifty-five percent, the report states—it is obvious that cuts may be made in Federal personnel without hindering direct mechanical war production. Consequently a drastic reduction can be made in the number of Federal employees without harmful effect to the war-production effort.

Other portions of the report show that the efforts of the 55 percent of the Federal employees who are not engaged in mechanical war-production work have not been fully utilized because of the lack of a vigorously administered war-transfer program, and the failure to establish an effective Federal employee manpower pool.

The report shows an alarming increase in personnel and in the monthly pay rolls to meet it. It sets forth a table showing the Federal employment increase which, through the activity of the Byrd committee, has been brought up to date.

It reads as follows:

| Year | Personnel | Monthly pay roll |
|--------------------|-------------|------------------|
| Nov. 11, 1918..... | 917, 760 | ----- |
| August 1939..... | 933, 386 | \$141, 733, 064 |
| August 1940..... | 1, 039, 451 | 159, 260, 975 |
| August 1941..... | 1, 444, 985 | 217, 772, 054 |
| August 1942..... | 2, 450, 759 | 391, 502, 171 |
| March 1943..... | 2, 978, 824 | 638, 926, 265 |
| August 1943..... | 3, 063, 379 | 646, 372, 969 |

The total number of civilians in the War Department alone, according to the July figures, was 1,355,515. That covers the War Department alone, for July.

In the Navy Department, according to July figures, the civilian employees alone numbered 697,475.