

December 15, 1955

Honorable Arthur S. Flemming, Director
Office of Defense Mobilization
Executive Office Building
Washington, D. C.

Dear Mr. Flemming:

It has been called to my attention that the Philadelphia Quartermaster Depot of the Army recently issued invitations to manufacturers to bid on contracts to supply the Army with large quantities of webbings and tapes of a type which are manufactured in South Carolina, as well as other States. In these invitations it was stated that unless the bidder represented a firm operating in a "disaster area" that the bid would not be considered for the contract award.

I had previously known of this practice of the Federal Government, under authority of Executive orders, setting aside certain percentages of contracts and assigning as much as 50 per cent to labor surplus areas even when the low bid was filed by another manufacturer. However, this is the first instance which has come to my attention in which a 100 per cent set-aside has been made in advance of accepting bids.

The practice of setting aside any part of a contract except to the low bidder is a dangerous and unfair procedure, in my opinion, but the setting aside of 100 per cent of a contract to a labor surplus area or a disaster area is even more unfair. Such a procedure means that manufacturers outside disaster or labor surplus areas do not even have the privilege of competing, and, therefore, the Government agency seeking to procure supplies or materials eliminates possible low bidders by restricting procurement to "select" manufacturers. With some bidders eliminated, it is quite possible and probable that disaster area bidders would not be as conservative in their bids and the result would be that the Government would pay more than necessary for its purchases under such circumstances.

Page 2
Honorable Arthur S. Flemming
December 15, 1955

However, cost to the Government aside, this practice rewards one citizen at the expense of another.

If a manufacturer is able to produce supplies and materials at a lower cost or if he is willing to accept a smaller profit than others, he should be awarded a contract on which he bids, unless he is unable to meet the specifications required by the Government. A manufacturer should not be penalized for efficiency of operation which enables him to be the low bidder on Government procurements.

Several established government departments and agencies assist industry in various ways. Other departments and agencies assist communities in the event of natural disasters. At the present time a Committee of the Senate is considering further assistance to disaster areas in the form of new disaster insurance. I believe the establishment of such policies is properly the province of the Legislative Branch of the Government.

Because of the reasons I have stated, I urge you to rescind your Defense Mobilization Order supplement of August 25, 1955, in which the following is stated: "...Procurement agencies shall use their best efforts to award procurement contracts to contractors located in disaster areas and to encourage prime contractors to award subcontracts to firms in those areas."

We cannot control the occurrence of natural disasters. But the Federal Government should not visit disasters by decree upon good American citizens by refusing to permit them to bid on Government contracts.

Sincerely, yours,

Strom Thurmond

ST/mwk