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DEACTIVATION OF MILITARY INSTALLATIONS

GOVERNMENT
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HEARINGS BEFORE A SPECIAL SUBCOMMITTEE OF THE COMMITTEE ON COMMERCE UNITED STATES SENATE EIGHTY-SEVENTH CONGRESS FIRST SESSION ON S. 1892 and S. 2039

IDENTICAL BILLS TO DIRECT THE SECRETARY OF COMMERCE
TO UNDERTAKE STUDIES OF THE ECONOMIC EFFECTS OF
DEACTIVATING CERTAIN PERMANENT MILITARY INSTALLA-
TIONS SITUATED IN AREAS OF SUBSTANTIAL UNEMPLOYMENT

SEPTEMBER 15, 1961
WASHINGTON, D.C.

OCTOBER 3, 1961
NEW BRUNSWICK, N.J.


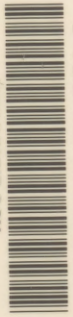
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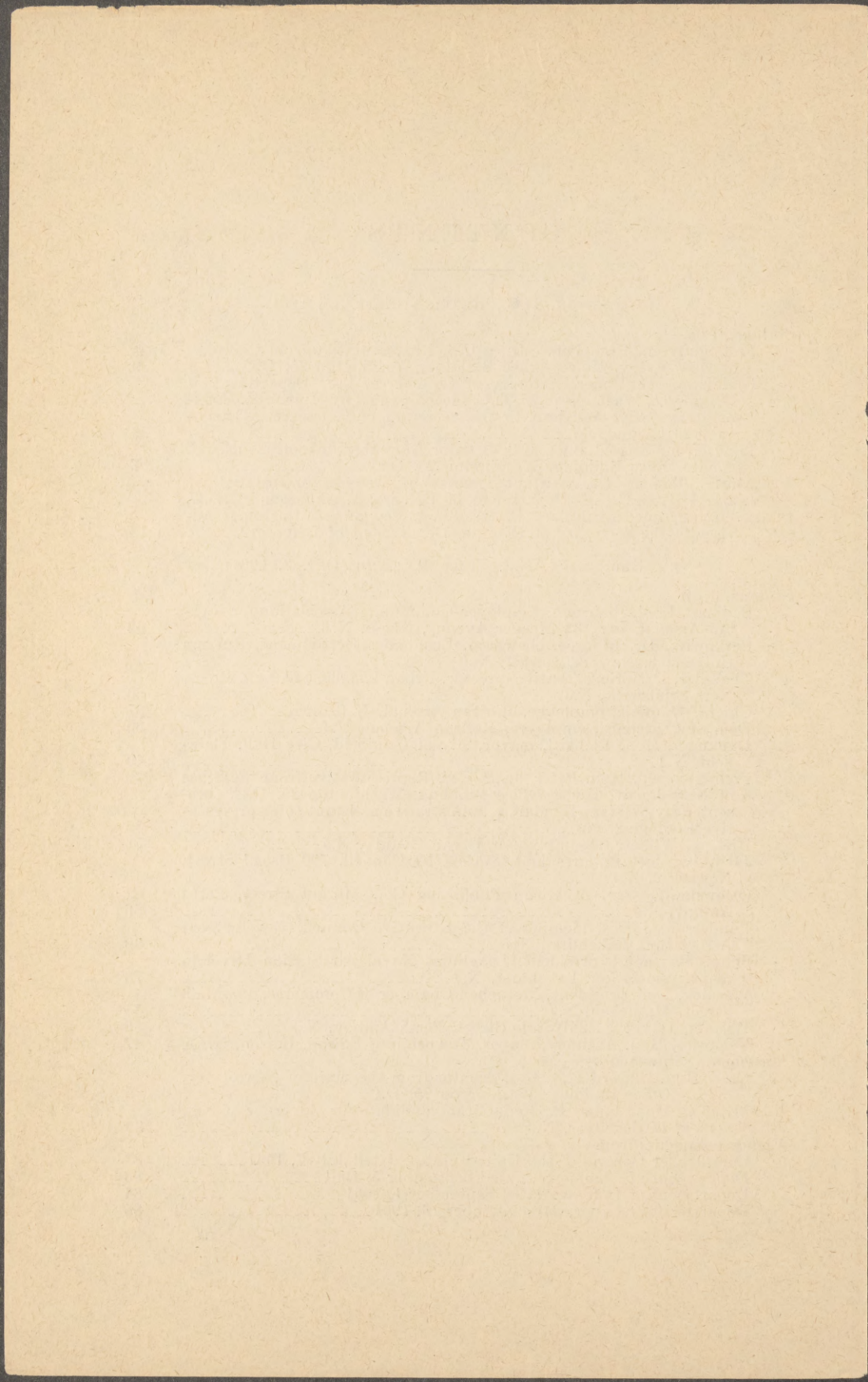
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DEACTIVATION OF MILITARY INSTALLATIONS

FRIDAY, SEPTEMBER 15, 1961

U.S. SENATE,
COMMITTEE ON COMMERCE,
SPECIAL SUBCOMMITTEE,
Washington, D.C.

The subcommittee was called to order, pursuant to notice, at 10:20 a.m., Hon. Clair Engle presiding.

Senator ENGLE. The subcommittee will be in order for the consideration of the bills S. 1892, by Senator Case, for himself and Mr. Williams of New Jersey; and S. 2039, by Senator Magnuson; to direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment. These are identical bills.

Senator LAUSCHE. Mr. Chairman, for my information, may I ask whether there is any purpose to pass these bills at this session of the Congress? That is, is there a purpose to send them to the floor of the Senate in the next week?

Senator CASE. If the chairman will permit, the answer to that is "No." Chairman Magnuson scheduled this hearing for the convenience of Government witnesses and plans to have several hearings in the field after Congress adjourns, one in New Jersey, one on the west coast in his general area, and action will be taken at the opening of our next session, but not at this session.

Senator ENGLE. The Chair had a short opening statement. In the absence of the chairman of the full committee, Senator Magnuson, who intended to preside over these hearings himself, and who has been unavoidably detained:

This morning we are opening hearings on S. 2039 and S. 1892, identical bills which direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment.

The bills provide that whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation which is situated in an area in which the rate of unemployment is 6 percent or more, the Secretary of Commerce, upon the request of the Governor of the State in which the area is located, shall undertake a study to determine the economic effects of such action.

The Secretary of Commerce would compare the presumed savings to be accomplished by the deactivation with—

1. Costs or losses to Federal, State, or local governments;
2. Losses by private interests which are involved with the installation;

NOTE.—Staff Counsel assigned to this hearing: Morris J. Levin.

3. Cost of relocating the installation; and
4. Cost of reactivation in case of emergency.

The purpose of this bill is to avoid wherever possible the severe economic upheaval which generally occurs when a military installation is deactivated in an area where there is substantial unemployment. Of course, we are not hereby attempting to dictate military policy—but we do want the Defense Department to be aware of the problems which would be involved before final and irrevocable decisions are made.

It seems to me that if the Defense Department decides it has too many quartermaster depots or ordnance depots in a certain area, and that for budgetary purposes it will close out one or more, in determining which bases will be maintained and which deactivated, it should consider the economic conditions in each area in cases where for military purposes all other factors are equal or near to equal. This economic information could best be supplied by the Commerce Department.

It is not enough for the Federal Government to make belated efforts to aid and redevelop such areas after the damage has been done, when prior study and investigation might have demonstrated that the base should be retained.

May I add to the prepared statement that in California we have a great number of military installations and from time to time we do have those deactivated. Recently we had the ordnance depot at Benicia, the Benicia Arsenal, deactivated. We recognize the necessity of this in some instances.

However, the Governor of my State, Governor Brown, and I have been working very closely with the Defense Department for the purpose of getting as much leadtime as we can possibly get from the Defense Department with reference to these crucial decisions affecting major installations in our State in order that the economic readjustments can be planned and can be made.

The State government will be very active in assisting in the economic readjustment. That must occur. We want as much leadtime as is possible and we would like to have the deactivation planned in such a way that we can minimize the economic impact of these changes. Basically, those are the two things that the Governor and I are interested in. We are aware of the necessity and sometimes of the merits of closing a base, as we did in Benicia.

We do recognize, however, that in some instances we are overbuilt, and that consolidation of these enterprises is a matter of economy which must be effected in the interests not only of the military but of the taxpayer. However, when that does occur, we want to be prepared to do what we can do to minimize the effect.

We think that (1) leadtime, so we have notice, and (2) deactivation on a basis that does in fact minimize the economic impact are two ways that can be done.

Governor Brown has designated a representative here in Washington for the purpose of working with the military on that and other matters.

(The bills follow:)

[S. 1892, 87th Cong., 1st sess.]

A BILL To direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof and such installation is situated in an area in which the rate of unemployment is 6 per centum or more, the Secretary of Commerce shall, upon the request of the Governor or Governors of the State or States in which the area is located, institute a study to determine the economic effects of the action which has been or is to be taken. In determining the economic effects of such action, the Secretary of Commerce shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

(1) the approximate costs or losses which [have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been, or will be, relocated; and

(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action is proposed to be taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary of Commerce to the Secretary of Defense and to the Congress.

SEC. 2. The Secretary of Commerce is authorized to utilize information and facilities of the departments and agencies of the executive branch of the Government to such extent as he may deem necessary in carrying out his duties under this Act. Each such department and agency is authorized to furnish such information and facilities on the request of the Secretary of Commerce.

SEC. 3. Such sums as may be necessary to carry out the provisions of this Act are hereby authorized to be appropriated.

[S. 2039, 87th Cong., 1st sess.]

A BILL To direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof and such installation is situated in an area in which the rate of unemployment is 6 per centum or more, the Secretary of Commerce shall, upon the request of the Governor or Governors of the State or States in which the area is located, institute a study to determine the economic effects of the action which has been or is to be taken. In determining the economic effects of such action, the Secretary of Commerce shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been or will be relocated; and

(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action is proposed to be taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary of Commerce to the Secretary of Defense and to the Congress.

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SEC. 3. Such sums as may be necessary to carry out the provisions of this Act are hereby authorized to be appropriated.

Senator ENGLE. The Chair recognizes the author of one of these bills, Senator Case, author of S. 1892, for such statement as he may desire to make.

Senator CASE. Thank you, Mr. Chairman.

As a member of this special subcommittee of our Senate Commerce Committee, I want to express my appreciation to Chairman Magnuson for scheduling this hearing and another one set for New Jersey on October 3.

I have a brief statement here, which I would like to insert in the record, but I would also like to summarize it, if I may, to set my position at the beginning of this hearing.

I introduced S. 1892, which is identical with the bill, S. 2039, introduced by the chairman. I introduced this bill for myself and my colleague from New Jersey, Senator Williams, in order to insure that when the Department of Defense is about to deactivate a permanent installation all factors are taken into account beforehand.

It is quite clear, on its own statement made to us a number of times, that the Defense Department does not take into account the number of economic factors which I think should be taken into account before a decision to close a base is made, and specifically doesn't take into account before a decision is made the impact upon the area of a deactivation.

We think that this consideration ought to be taken into account before a decision to close any particular installation is made and, particularly as this bill would provide, in areas where substantial and persistent unemployment exists.

The bill would require such a survey to be made by the Secretary of Commerce, not to have final or binding effect upon the Defense Department, but an advisory effect in any instance where a proposed deactivation is in an area of substantial unemployment and where the Governor of the State involved makes a request to the Secretary of Defense that that study be made.

My bill is identical with one introduced in the House by Representative Freylinghuysen, in whose district the Raritan Arsenal, which has been importantly involved in our considerations for a long time, is located.

The provisions from our bill were in substance included earlier in a bill introduced in the House and approved. As a matter of fact, that bill included an approved amendment offered by Representative Stratton of New York which covered this subject. That provision was dropped from the final version of the Area Redevelopment Act

which is now law. We believe that the proposal warrants consideration and enactment into law on its own merits.

Mr. Chairman, if I may, I would like to have included in the record at this point, my formal statement.

Senator ENGLE. Without objection, so ordered.
(Senator Case's complete statement follows:)

STATEMENT OF HON. CLIFFORD P. CASE, U.S. SENATOR FROM THE STATE OF NEW JERSEY

As a member of this special subcommittee of our Senate Commerce Committee, I want to express my appreciation to Chairman Magnuson for scheduling this hearing and another one set for New Jersey on October 3.

I introduced S. 1892 in order to give the Department of Defense the tools it needs to assure the public and itself that all factors are taken into account when the military determines that a permanent installation should be inactivated.

It seems clear that, today, the Department of Defense does not take into account a variety of economic factors which should, I believe, be considered in the overall determination as to whether a base should be shut down.

Why is this clear? It is clear because the Department of Defense says so. It is clear because, during the course of meetings held on the Army's decision to inactivate Raritan Arsenal in Edison, N.J., the Department told us that it does not take into account the economic impact of such a decision on a community, on a State, or on agencies of Government other than the Defense Department.

It is clear from the Defense Department's comments on S. 1892 and Senator Magnuson's identical companion bill, S. 2039.

The Defense Department memorandum disapproving our bills states:

"While decisions to deactivate an installation will be based primarily on its need for defense purposes in accordance with the President's directive, all possible action will be taken to lessen the economic impact on employees and local communities. The Department of Commerce as well as the Department of Labor, the General Services Administration and certain other agencies will furnish valuable assistance in this regard. In addition to applying maximum effort in finding other jobs for employees affected, unneeded facilities, wherever possible, will be made available on a schedule, and in a condition, which will provide the best chance for their being put to beneficial use either by other governmental agencies or by private enterprise. Working with representatives of the above departments and agencies, the Department intends to meet with community groups and attempt to find mutually satisfactory answers to the problems they will face."

This statement points up the argument for our bills, rather than against them.

What the chairman's bill and the bill which Senator Williams of New Jersey and I introduced would do is to permit a review of the economic factors before a decision to inactivate is finally made. The Defense Department says, in effect, that it considers the economic situation after it moves to close an installation and then seeks to alleviate hardship.

There is elementary justice in our position. Suppose the Pentagon seeks to shut down a base in excess of its needs and finds its decision narrowing to two installations between which, on balance, there is little to choose.

Should not a detailed review of all the economic, nonmilitary factors be made? Should not the fact that one of these bases might be located in a surplus labor area be given, at the minimum, consideration before decisions are made?

We believe so. We believe it would be a help, not a hindrance, to the Defense Department to pass our bills.

Specifically, this legislation would require the Federal Government to look at all sides of any decision to deactivate a military facility.

It requires the Secretary of Commerce, upon application from any Governor representing an area where the unemployment rate is 6 percent or more, to measure the economic effect of the proposed closing of any permanent installation.

Under this bill, the Secretary of Commerce is directed to conduct the investigation "as expeditiously as practicable." While his recommendations would not be binding, the Secretary would transmit his findings to the Secretary of Defense and to Congress.

This procedure would permit a careful review of relevant factors not now considered by the Secretary of Defense or by anyone else in our Government.

During consideration of the area redevelopment bill, the House of Representatives approved an amendment similar to the one we propose today. This

provision was, however, dropped from the final version of the Area Redevelopment Act, which is now law. We believe this proposal warrants consideration on its own merits.

These hearings have very real meaning for thousands of persons in New Jersey. In addition to the Army's decision to close Raritan Arsenal, the Navy, in terminating its lighter-than-air program, is eliminating one-third of all the civilian and military personnel at Lakehurst Naval Air Station. The future status of the air station as a whole is a question which has occurred to all of us.

Both these installations are located in areas particularly hard hit by the recent economic slump.

Clearly, it would not be in our national interest to continue a military installation where facilities are inadequate or obsolete, or the mission of the base itself is outmoded in these days of swift technological change. It would be inexcusable to waste the taxpayers' dollars to keep alive an activity which has outlived its usefulness.

It is quite another thing, however, to fail to take any account whatsoever of the effect on the economy of the communities involved when a major military installation is closed, particularly in an area of substantial unemployment.

Senator ENGLE. The Chair recognizes the Senator from Ohio.

Senator LAUSCHE. Mr. Chairman, I am grateful to you for allowing me to make a statement. I am not a member of the subcommittee. I came here, however, because Ohio is deeply interested in this problem. We have a number of installations, some in which the operations have been modified and in others completely abandoned. I mention the Rossford Supply Depot, the Marion Supply Depot, the one at Bucyrus, Ohio, the Ravenna Arsenal. And I also have in mind the Covington Airport where rather extensive activities were in progress, but which have been closed down.

In my view I am here primarily to make certain that Ohio's voice is heard, that Ohio will be given equal treatment with other States of the country. I don't want my silence and inactivity to cause the Defense Department or the Commerce Department to think that we are not concerned about the problem. I do not want my presence to be construed as indicating that I believe that the Government ought to keep spending money in areas where there is no justification for it.

Now then to summarize, I want to make certain that Ohio gets a square deal. I want no preferential treatment but I don't want preferential treatment given to any other State, and therefore I did not want by my absence to cause the officials of the administration who are here to think that we are not concerned. I am sure that I am expressing the views of Senator Young, my colleague, when I make this statement. I will, however, be delighted to hear what is said on this very, very vital subject.

And to close, I think we have to be very careful so that we do not subconsciously lodge in our minds that maintaining our economy on a military basis is not equated to the actual needs of military operations. I frequently have the fear that we do not know that it is happening, but the fact is that subconsciously we are wanting our economy to be sustained by military expenditures whether they are needed or not.

That is all I have to say.

Senator ENGLE. Our first witness is our distinguished colleague, Senator Russell B. Long, of Louisiana.

Senator, we are glad to have you here, and we will be delighted to receive your statement.

**STATEMENT OF HON. RUSSELL B. LONG, U.S. SENATOR FROM
THE STATE OF LOUISIANA**

Senator LONG. Thank you very much, Mr. Chairman and members of the committee.

I wish to thank the chairman for permitting me to appear here this morning in support of S. 2039. As you may recall, I attempted to add an amendment similar to S. 2039 to this year's area redevelopment bill S. 1. My amendment, which narrowly missed being passed, called for a study by the Secretary of Commerce to determine the economical effects of the closure of a permanent military installation whenever the Department of Defense had given economy as the reason for the closure and whenever the installation was in a redevelopment area.

At the time of the introduction of my amendment to S. 1, I questioned whether the Government's left hand knew what the right hand was doing. In the depressed area bill, ultimately enacted into law, the Government undertook to provide aid with Federal funds for areas of chronic unemployment. Yet by closing certain military installations, the Government created depressed areas in the vicinities surrounding those installations. Such depressed areas will be created again. Much of this is done in the name of economy and in many instances the principal reason for the closure is economy.

This raises the question of whether the economy is genuine or only fictitious. In many instances the Government decision results in losses to other agencies of the Federal Government itself, such as the Federal Housing Administration and other loan guaranty agencies. Secondly, the closing of a permanent installation in particular results in losses to State and local governments. To a taxpayer who pays taxes at all three levels, a Federal decision in the name of economy which loses him money when his State and local tax bills are considered, is no economy at all, but instead a wasteful and profligate decision.

The economy is only genuine if it can be demonstrated that a loss in one community is offset by an equal gain elsewhere, which can hardly be demonstrated if a new facility must be constructed to replace the abandoned one.

The question of whether an economy has actually been achieved must also take into consideration the many services and facilities provided by private enterprise in the absence of which the Federal Government would be required to provide these same services and facilities. Housing and schools are among the best examples. Recreational facilities are more marginal, but nevertheless relevant, particularly if they have been provided to meet service requirements under the usual agreement that an installation will be declared permanent when adequate educational, recreational, and housing facilities are available in the immediate community.

Upon this basis many billions of dollars of private investments have been made with resultant economies in Federal operations. If by closing a military installation, government housing, either on a guaranteed basis or by appropriation of funds, will be required elsewhere, then the total picture is not complete until the cost of additional housing is added to the scales.

I might give one illustration of my own personal knowledge. Here was a situation where the Government was prepared to close one of

two airbases. On one airbase, the Government had constructed with its own funds a large amount of Government owned housing, where it guaranteed the mortgage. The other base had equal amounts of housing, in fact even greater amounts, but this housing had been provided in the vicinity of the base by private enterprise. Now, the Government was protecting its investment by closing the base where private enterprise had provided the housing and protecting its investment where it was guaranteeing the mortgages, so the Government was in effect protecting its investment by imposing an equal loss upon the citizens of another community.

In that same connection the Government declined to take into account whatever, that one base was located in a rapidly expanding area, where the real estate would be sold off for the expansion of the community anyway, while in the other instance it would create a depressed area. And also, declined even to look at the fact that one area had been an area where the community has given about \$50 million of considerations in terms of schools, recreational facilities, drainage, housing, and other investments to meet service requirements, where the other area had not been required to make any such investment.

Now all of these things would be lost with the closing and the creating of a depressed area in one instance, where no depressed area would be occasioned in the other instance. And as a matter of considering some factor without considering the others, and not considering for a moment all of the various losses that were occasioned upon private enterprise in a particular area and upon State and local government.

Last but not least, the cost of unemployment insurance and area redevelopment should be included in the cost of closing a permanent installation. When all facts are taken into consideration, it will be seen that in many instances the decision to close a military installation has been and continues to be based entirely on the possible savings to a single department without reference to the cost involved in other departments of the Federal Government itself, without taking into consideration the fact that the Federal taxpayer also pays State and local taxes, and that the Government is in fact a totality of 50 States and hundreds of thousands of local units.

The more one analyzes the injustice involved in a Federal decision to first require local citizenry to provide multi-million-dollar facilities and then to make those same facilities worthless by reversing the same decision upon which the facilities were justified, the clearer becomes the fact that Government must accept the responsibility for its commitments.

This is but to recognize that the value of a Government investment includes those things which the Government is not obliged to provide because someone has provided them for the Government.

This study proposed in the instant bill would be made available to the Secretary of Defense and to the Congress. There is nothing mandatory upon the Secretary of Defense under this bill. He can close any permanent military installation for reasons of economy or for any other reasons no matter how strong the evidence produced by this study may be.

This is the sort of measure, however, that can put our Federal Government on a much sounder financial basis, because it attempts to

bring about overall and long-range economies rather than provincial and short-term savings which may ultimately be no savings at all. I hope the committee, after due consideration, will see fit to favor the passage of S. 2039.

Thank you, Mr. Chairman.

Senator ENGLE. Thank you very much, Senator. Any questions?

Senator CASE. No questions, except to express my appreciation for the statement.

Senator LONG. I might say at this moment our State does not have the problem, but I know it will occur time and again just as it exists in certain other sections of the country.

Senator ENGLE. For that reason we appreciate your statement more for the fact that you had indicated a previous interest in this same matter by the amendment that you offered referred to in the first paragraph of your statement.

Senator LONG. Thank you.

Senator LAUSCHE. May I say I heard the Senator's argument on the floor when he gave it and it had great strength.

Senator LONG. Thank you very much, sir.

Senator ENGLE. The next witness is Congressman Peter Freylinghuysen, Jr., of New Jersey, my friend and former colleague in the House of Representatives, with whom I had the pleasure of serving for a number of years.

We are glad to have you here and to hear your testimony at this time.

STATEMENT OF HON. PETER FRELINGHUYSEN, JR., REPRESENTATIVE IN THE CONGRESS OF THE UNITED STATES FROM THE FIFTH DISTRICT OF THE STATE OF NEW JERSEY

Mr. FRELINGHUYSEN. Thank you very much, Mr. Chairman.

I appreciate this opportunity to be heard before this committee. I would like to say at the outset that I think that Senator Long very definitely put his finger on some of the problems that logically should be considered by this committee.

As you already know, because Senator Case has indicated it, I have introduced a bill, H.R. 7158, which is identical in purpose to the two bills which your committee is considering, 2039 and 1892.

Mr. Chairman, recently I appeared before a subcommittee of the House Armed Services Committee which had as its major concern the advisability of closing certain defense installations, among them Raritan Arsenal, in my district. That subcommittee was primarily concerned with military necessity. Needless to say, civilians find themselves at a disadvantage when arguing with the Pentagon on a subject of this kind. The argument, I might say, has continued ever since the announcement of the closing which was made immediately prior to Good Friday, March 30, I think it was, of this year.

We on the outside can only use our own judgment and commonsense with respect to these closings. And as a result of this continuing discussion and debate and, sometimes, heated discussion with various representatives from the Defense Department, I myself am still unconvinced as to the wisdom of the decision, and quite sure, as Senator Case has indicated—because the Defense Department has freely admitted—that the economic situation of the area was not

taken into account prior to the time that the decision was made to close Raritan Arsenal.

The fact that they have set up economic adjustment offices within the Defense Department to ease the shock once the decision has been made, to my mind, is simply begging the question of whether a look should not be taken prior to the decision regarding the economic conditions in the area.

For that reason, rather than discuss the particular provisions of the bill—the bill which is before this committee—I would like to discuss some of the economic aspects of closing of the Raritan Arsenal, and how this announcement might affect our own area.

Late last year it was rumored, and constituents wrote me asking whether it was true, that the arsenal might be closed. I immediately wrote to the Secretary of the Army asking about the status of Raritan. In answer to my letter I received a reply on January 6 of this year from Brig. Gen. H. A. Gerhardt, then Deputy Chief of Congressional Liaison, giving me certain figures and statistics on operations at the installation.

The general indicated that the depot system had undergone a thorough review since 1952, and that 54 depots and depot activities had been eliminated. Raritan Arsenal apparently survived this stiff competition—indeed, it did survive; it was a going concern as of the beginning of the year. And in the year since 1952, the general pointed out there had been a reduction of \$190 million in operating funds annually.

I should like to quote his closing paragraph:

The evolution of the Army supply system is a continuing process requiring constant evaluation and refinement. Raritan Arsenal, therefore, along with all other depots and activities will continue to be involved in the aforementioned process. As to the immediate future of Raritan there are at present no Department of the Army plans to discontinue the arsenal.

Well, looking back at this letter, Mr. Chairman, it is easy to see that they were perhaps providing us with a warning that something was going to happen. But I must admit I was reassured by the flat statement that—

As to the immediate future of Raritan, there are at present no plans to discontinue the arsenal.

Unfortunately, only 83 days later, this same general sent another letter telling me that Raritan Arsenal, along with 51 other installations, was to be phased out over a 3-year period.

There was no recognition on the part of the Defense Department of the advisability of providing some kind of leadtime with respect to this closing. It was simply done, although they had just a few months before given a clear indication that not only had Raritan survived pretty stiff competition when a great many other installations had been closed down, but they also assured me that there were no present plans to discontinue the arsenal.

As of March 30, Raritan Arsenal had a total of 2,604 civilians employed in various functions. Closing the installation will result in a savings, according to the Army, of \$9.6 million per year. We, in the Fifth District, and particularly in Middlesex County, have a special affection for the arsenal. Its value to the community would be difficult to measure in dollars and cents.

For some 44 years the arsenal has played a major role in community life. It has been host to countless numbers of Boy Scouts, Girl Scouts, Cub Scouts, school groups, and adult organizations who have been given tours through the 3,200-acre depot. The arsenal's fire department has helped local units when major fires occurred. Equipment from the base has been used during local disasters such as storms and drownings and other emergencies. And no Memorial Day parade would be the same without heavy equipment from the arsenal.

Scholarships have been given by the base. Many of the key personnel serve as instructors at nearby institutions.

How can these contributions to the community be measured?

The civilian payroll of this installation amounts to \$15,401,308 annually. This constitutes one of the largest payrolls in the area. Incidentally, this figure does not include the 24 officers and 12 enlisted men assigned to the base. Elimination of this payroll inevitably will have a serious impact on an area where unemployment earlier this year reached nearly 9 percent.

Is it possible that, because of the action of one branch of the Federal Government attempting to save \$9.6 million, that another department may be forced to spend many times that amount in pump-priming activities, retraining programs, and jobless pay, in order to restore economic well-being?

This is not a question of vague statistics. We are talking about people. They are jobholding, homeowners, taxpaying citizens. They are worried. With good reason they now fear for their future.

Why do I say this? Will not these employees be transferred to other installations? Must they necessarily lose their jobs? It is necessary to remember this key point. The Defense Department has admitted that the savings will come mainly from reductions in force. The functions of the arsenal are essential and will be continued elsewhere.

Mr. Chairman, I would just like to refer to a statement which appeared in yesterday's Washington Daily News, entitled "The M-14 Rifle, a Miserable Wreck," by Jerry Doolittle. It points out that Secretary of Defense McNamara is said to have stated that it is a disgrace the way the project for developing this rifle has been handled. It goes on to say that the job of fixing these rifles which need reworking is still going on at the Raritan Arsenal, and that Lt. Col. James N. Hall, Supply Operations Director at Raritan Arsenal, said that about 35,000 M-14's, from the early production runs of two companies, eventually will be channeled through his plant for inspection or reworking. Some sixteen or seventeen thousand already have been processed, some ten thousand are yet to arrive, and from eight to nine thousand are still in the shop.

I mention this article, Mr. Chairman, just because it was a coincidence, but which does demonstrate that the functions now performed at Raritan are essential and what the Defense Department is planning is a redistribution of functions. But along the way they do plan to reduce the overall personnel of the various installations by between twelve and fourteen hundred persons. This will account for \$7.2 million of the estimated \$9.6 million which they think will be saved. To economize in such a way, at the expense primarily of Raritan, seems an unnecessarily crude way of seeking to establish greater efficiency in the Military Establishment.

The suggestion has been made in some quarters that the reason for shifting these functions away from Raritan is that our wage scale in central New Jersey is some 68 to 75 cents an hour higher than, say, Chambersburg, Pa. It seems hardly credible that differences in wage scales could be included as part of the Defense Department's savings estimate.

The Department claims that the arsenal can be developed by private business. They have sent representatives up there to say how easy it is going to be for the community to make that adjustment. Well, perhaps this will happen. Perhaps, as the Defense Department argues, the closing may be a blessing in disguise. But the skills needed by a depot such as this may not be useful to private business. And surely it is not the practice of the Federal Government literally to plow under 2,600 jobs in the hope that the economic vacuum will somehow be filled by others.

In 1955, it should be noted, a subdepot of Raritan Arsenal was "phased out." Four years later the land was finally sold, for \$876,000, as a storage area. Whereas at its height, as many as 780 employees were needed at this subdepot, today on this same land only 30 or 30 men are employed. Now let us suppose, for example, that the arsenal land were turned into a large refinery storage area. Such a use would require only a very few employees as compared to the thousands now usefully employed at Raritan.

I might add this point, Mr. Chairman: there is industrial land which would be comparable to the land that is to be released at Raritan Arsenal in the immediate vicinity with, again, good access to the port on the Raritan River, which is not being utilized. So it is a doubtful question whether there is going to be any immediate and overwhelming demand on any basis for the acreage to be released.

Senator CASE. You are referring to the area across the river on the deepwater channel?

Mr. FREYLINGHUYSEN. That is right; where, presumably, if this is an advantage from an industrial point of view, private industry would have found use for such land.

Raritan Arsenal has contributed immeasurably to the overall economy of the area. In the first quarter of 1961 alone, about \$90,000 was spent locally for miscellaneous items. Last year local trucking firms were paid about half a million dollars. Over the last 10 years \$10 million has been paid to local contractors in the area for work done at the depot. Last year the fuel bill alone, supplied by local firms, amounted to \$160,000. In July of this year the Government awarded a \$91,000 contract to a New Brunswick firm for custodial services at the arsenal for the next fiscal year. In all, the arsenal spent \$4 million last year in the local area. In total, perhaps \$20 million per year would be lost to the area in spending.

Another point should be mentioned. The ammunition area at the arsenal amounts to almost two-thirds of the entire acreage. Unquestionably this area must be decontaminated before it could be useful to private developers. No one knows the cost of this operation, and it may turn out that some land can never be released.

To my knowledge there are four danger areas at the arsenal:

- (1) A vast burial ground filled with World War I vintage mustard gas shells.

(2) A washout section where after World War I a private contractor washed powder out of shells in order to reclaim the brass. Tons of explosives have been washed deep into the soil in this staked out area.

(3) During the arsenal's only fatal explosion all sorts of foreign ammunition was scattered over a wide area by the blast.

(4) A dredging area contains hand grenades and rifle bullets, from a barge which sank in the river. Subsequent dredging operations pulled this material back up on land.

Mr. Chairman, I recognize that the Defense Department cannot be forced to keep open unwanted, unneeded, or inefficient installations. But every study reveals—and the Defense Department quite frankly admits—that Raritan has high ratings in these respects. However, if Raritan's closing is being effectuated primarily as an economy move, and this is the case, it is surely unreasonable to think only in terms of the Defense budget. I have already indicated that these savings are modest in amount and can be realized only if some 1,400 employees are laid off. Should not these closings be subject to an overall study by the Government? What effect will such closings have on the budgets of the Labor Department, Commerce, Federal Housing Administration, and Health, Education, and Welfare?

I believe the legislation sponsored by Members of the Senate and House, which would require the Secretary of Commerce to consider the "total" impact of these closings, is constructive. If such a survey is not made, then a so-called economy move by one branch of the Federal Government might cost other departments countless millions. And, in the end, all of these funds come from the same place—the U.S. Treasury, and the taxpayer's pocket.

Again, I should like to express my appreciation of this opportunity to be heard. I urge this committee to act favorably on the legislation being considered.

Senator ENGLE. Do you have any questions?

Senator CASE. I have no questions, Mr. Chairman.

But I want to express my appreciation to Mr. Freylinghuysen for coming over this morning. It is only another incident in the long struggle that he has made to secure a sound decision in this particular matter of the Raritan Arsenal and other areas in his own district, and in New Jersey, for which his constituents are rightly deeply appreciative, as all of us are.

Senator ENGLE. Thank you very much, Congressman, for that excellent statement.

Our next witness is Mr. Thomas D. Morris, Assistant Secretary of Defense for Installations and Logistics.

Mr. Morris, we are very glad to have you here to present your statement.

(Discussion off the record.)

Senator CASE (presiding). We are very glad to have you. Will you proceed in your own way.

STATEMENT OF THOMAS D. MORRIS, ASSISTANT SECRETARY OF DEFENSE, INSTALLATIONS AND LOGISTICS, ACCOMPANIED BY ROBERT F. STEADMAN, FORMERLY VICE PRESIDENT OF THE AMERICAN MANAGEMENT ASSOCIATION, TO BE ECONOMIC ADJUSTMENT ADVISER TO THE SECRETARY OF DEFENSE

Mr. MORRIS. Mr. Chairman and members of the committee, the Department of Defense welcomes this opportunity to discuss with your committee Senate bills S. 1892 and S. 2309. As you know, it is the position of the Department of Defense that this legislation is not necessary since we have already proceeded to accomplish many of the objectives which are incorporated in these bills. I would like to describe to you our policies, procedures, and progress in minimizing the economic impact of closing or reducing defense installations.

At the direction of the President and the Secretary of Defense, we have been directing major attention to this subject from the inception of our studies of long-term defense requirements for bases and installations. We believe that these efforts to alleviate economic impact, which are of a pioneering nature, are producing tangible results, and that they represent a practical basis for achieving objectives which the executive and legislative branches share in common. I would like to stress that we desire to provide this committee, and other interested committees, with full information on our economic adjustment program, and that we are prepared to do this on a regular basis if you so desire.

In order to convey to you the depth of our sincerity and interest in this matter, I would like to outline briefly (1) the policy directives of the President and the Secretary of Defense relating to this matter; (2) the specific program which has been organized during the past 6 months; and (3) our future plans and objectives.

DIRECTIVES OF THE PRESIDENT AND THE SECRETARY OF DEFENSE

In his state of the Union message, President Kennedy informed the Congress that he was directing the Secretary of Defense to take a number of steps to strengthen the management of the defense effort, including an appraisal of bases and installations no longer required to support mobilization.

In his budget message of March 28, the President reemphasized his desire that such appraisals be continued; but he added a clear directive that every assistance was to be given employees and communities to minimize hardships. I would like to quote for you his exact words:

I am well aware that in many cases these actions will cause hardships to the communities and individuals involved. We cannot permit these actions to be deferred; but the Government will make every practicable effort to alleviate these hardships, and I have directed the Secretary of Defense to take every possible step to ease the difficulties for those displaced. But it is difficult, with so many defense and other budgetary demands, to justify support of military installations, with high operating and payroll costs and property values, which are no longer required for the defense of the Nation.

Two days later, on March 30, 1961, Secretary McNamara announced the plans approved by the President to reduce or discontinue

operations at 52 domestic and 21 oversea bases. The press release issued in this connection stated:

Major actions will be phased to minimize the impact on the employees and communities concerned to allow adequate time to work with employees in planning their relocation and reemployment and with community leaders on community readjustments. Special procedures are being developed at the direction of Secretary McNamara to assure that all possible steps are taken to minimize the impact on employees and communities. This will involve cooperation with Federal, State, and local agencies and groups concerned.

On the following day, March 31, 1961, Secretary McNamara wrote the Secretaries of the Army, Navy, and Air Force, instructing them to immediately designate a principal official to work with my office in preparing phaseout plans for the principal installations. He specified that such plans should assure—

that all possible steps are taken to minimize the impact on employees and communities resulting from actions to discontinue or modify operations in defense installations.

He further stated that the advice and assistance of Commerce, Labor, Small Business Administration, General Services Administration, and the Civil Service Commission should be drawn upon. The group thus created is known as the Installations and Relocation Planning Committee, which I chair as Secretary McNamara's personal representative.

This Committee commenced its work immediately and developed a detailed planning procedure to be applied to those installation closings which will have a significant impact on employees and communities. This procedure was publicly released by Secretary McNamara on April 20, 1961, and I would like to submit a copy of this document for the record.

Senator CASE. Without objection, that will be done.

(Department of Defense news release of April 20, 1961, follows.)

[News release No. 367-61]

DEPARTMENT OF DEFENSE OFFICE OF PUBLIC AFFAIRS,
Washington, D.C., April 20, 1961.

STANDARD PLANNING PROCEDURES ADOPTED FOR USE IN CURTAILING ACTIVITIES

A standard procedure has been developed to serve as a guide in planning all aspects of discontinuing, or substantially curtailing, activities at Department of Defense installations.

Concerned with the problems in personnel and community relations which follow a decision to curtail or inactivate an installation, Secretary of Defense Robert S. McNamara established an Installations and Relocation Planning Committee on March 31, 1961, and assigned the Committee the task of preparing a standard planning procedure. Membership of the Committee consists of Thomas D. Morris, Assistant Secretary of Defense (Installations and Logistics) as Chairman; Arthur Sylvester, Assistant Secretary of Defense (Public Affairs); Carlisle P. Runge, Assistant Secretary of Defense (Manpower); Kenneth BeLieu, Assistant Secretary of the Navy; Courtney Johnson, consultant for logistics, Department of the Army; and Alan I. McCone, special assistant to the Secretary of the Air Force.

This procedure, which was developed by the committee, is designed primarily for application in cases where the curtailing or discontinuing of the Defense Department activities has severe effects on the community and the employees. It is equally adaptable, however, in less severe cases.

In summary, the procedure calls for (1) the development of factual data relating to the reasons for the decision to discontinue or curtail the particular activity,

the impact of the decision on the community, and possible future use by other government or commercial interests of the facilities; (2) the development of a public information program for informing the community, military commands and installations, congressional members and committees, and civic and service organizations of the facts bearing on the decision; (3) alleviation of the impact through a personnel program which would provide (a) early notice to employees, employee groups, and to those governmental agencies (both Federal and State) which could assist in placement of released employees; (b) assistance in placement on a priority basis in other government positions; (c) placement in private industry; and (d) retraining of employees; and (4) planning for community aid.

[News release No. 368-61]

DEPARTMENT OF DEFENSE OFFICE OF PUBLIC AFFAIRS,
Washington, D.C., April 20, 1961.

STANDARD PLANNING PROCEDURE FOR DISCONTINUING OR SUBSTANTIALLY CURTAILING ACTIVITIES

The following material is designed to provide additional details of the procedures announced by the Department of Defense on April 20, 1961, in release No. 367-61.

This procedure, developed by the Installations and Relocation Planning Committee, is designed for application in cases where severe effects on the community and employees may result from curtailing or discontinuing the Defense Department activity.

Recognizing that the decision to reduce or discontinue a specific installation will be made only on the basis of military requirements, the Committee felt that certain information would have to be developed prior to a decision to curtail or discontinue, which would be of great use in later planning. This information which bears on the decision would include—

- (a) A full description of the installation, showing the functions performed, facilities involved, and the military and civilian employees affected.
- (b) The military or strategic factors bearing on the decision.
- (c) The financial considerations involved.
- (d) To the extent known, the possibilities for subsequent use of facilities involved by the Department of which the activity is a part, any other military department, any other Government agency, private industry, or private interests in the community.
- (e) The impact on the community including such data as the size of the community, unemployment figures for the community, number of personnel affected by the Government action, loss of payroll to the community, and any known alleviating factors such as other Government activities moving into the community, plans of private industry for facilities in the community, and major procurements expected in the area by any Government agency.

(f) All pertinent facts relating to the necessity to discontinue or curtail activities at the installation as opposed to those at another installation which would involve a less severe community impact.

Once the decision is made to discontinue or reduce in scope a particular activity the standard procedure developed by the Committee requires that a specific public relations program be developed for the particular installation. This would include:

- (a) Furnishing all offices and commands concerned with complete facts bearing on the decision.
- (b) A report to interested congressional committees and members, and an offer to brief them, their constituents, and local groups.
- (c) A public announcement as far in advance of the closing or reduction action as possible.
- (d) Direction to the major command or installation to prepare a local information plan, for use after the initial announcement, to assure that local news media receive complete background information on the decision and its anticipated effects; to provide the necessary information personnel and assure that key officers are available for discussions with civic and service groups as well as at public meetings.

The personnel program to be prepared for the installation or activity will include:

(a) Prompt notification of employees and employee leaders, local State employment service offices, the Department of Labor, and other agencies and groups which can assist in placement of dislocated employees: Such notice shall include the reasons for the reduction or closing and plans for placement assistance.

(b) Priority placement in other Government positions to be accomplished through extending to employees placement rights granted under regulations governing reductions in force, transfer of function, and other placement procedures: Liaison will be established with other Defense Department installations in the commuting area to assure that vacancies will not be filled by applicants from outside the Department of Defense which can be filled by qualified employees being displaced in the commuting area, these employees being accorded the priority they would have were they on the installation's reemployment priority list. Other Government agencies in the commuting area will be notified of the types and numbers of skills which will be available and will be urged to assist in placing these employees. In addition, procedures will be established, which (in the absence of compelling reasons to the contrary) will permit the payment of transportation of the displaced Defense Department employee, his immediate family, and his household goods when he is offered and accepts a transfer to another Defense Department activity.

(c) Assistance in placing Defense Department employees in non-Government positions: Responsibility for this assistance will be placed on a specific individual or office. This specified individual or office will assist in locating positions for displaced employees through such measures as developing lists of available skilled employees by skill, counseling employees on placement opportunities, assisting them in preparing their applications, arranging interviews, supplying information to State employment service offices on affected employees and seeking to interest prospective employers in the employees to be released, and cooperating with civic organizations in finding employment opportunities.

(d) Specific plans to provide where practicable and in the interest of the Government such retraining as is possible to fit employees who are being released for other positions, and the counseling of employees who might desire to consider accelerated retirement.

The community aid program, which the standard procedure calls for, would provide for notification to the Secretary of Labor, the Secretary of Commerce, and the Small Business Administration, as well as other Government agencies, of the gravity of the effect of the anticipated closing or reduction on the community involved. It would also require the designation of specific individuals to work with local groups in isolating problems and supplying them with information. In addition, if local installation commanders recommend, or if it is found necessary, teams would be available from Washington to meet with local community groups.

Mr. MORRIS. It quickly became apparent that the implementation of the plans in these cases required extensive firsthand work with other Federal agencies, and with the interested congressional, State, and local officials in order to achieve satisfactory results. To meet this need, on May 3, 1961, we appointed Robert F. Steadman, formerly vice president of the American Management Association, to be economic adjustment adviser to the Secretary of Defense. Since that date, Mr. Steadman, with several well-qualified assistants, has devoted his full time to assisting Federal, State, and local leaders to achieve the most constructive uses of the properties being released.

Finally, on May 9, 1961, the President directed establishment of an Advisory Committee to the Secretary of Defense, chaired by the Secretary of Commerce, consisting of all agencies able to make a contribution—

in meeting those unemployment and other economic problems of communities affected by the termination of military installations in this country.

The role of this Committee as specifically defined by the President is to—

provide counsel to the communities affected concerning the possible availability of Government assistance programs, informational services on market research and other matters, worker retraining, procedures for seeking orders from Federal procurement agencies, and such other help as may be available. The Committee will not be concerned with the decision for, and actual carrying out of the deactivation and disposal of facilities, which functions are the responsibility of the Department of Defense and the General Services Administration.

I believe, sir, it is indicative of our interest in this subject that within 6 weeks after the President's directive of March 28, a Government-wide program, implemented with detailed procedures to solve problems of economic impact was fully organized, staffed, and underway.

Next, I would like to touch briefly upon how this organized approach to the planning of economic adjustment for employees and communities is being conducted.

I think you will agree that where a military facility has become surplus to the needs of the Military Establishment, it must necessarily be considered from a community standpoint as a declining asset. When viewed in this light, I think we can all agree that the leadership of the community should take immediate steps to make an adjustment in its economy to offset such a decline. It is for this reason that the Secretary of Defense directed that phaseout plans be extended over a sufficient period of time that the communities concerned can effect economic readjustment.

In line with this objective, economic adjustment programs are now in various stages of development and execution in 21 communities. In each case, planning is begun by forming a team from the Department of Defense and other interested agencies to visit the community for exploratory discussions with employee and community leaders. In many cases, we are joined by interested Members of Congress and, in several cases, the Governor of the State has participated or been represented. Based upon these discussions, we then proceed to prepare a detailed plan of action. Each plan of action includes a program of offering placement assistance to the personnel affected; and a plan for continuing work with the community to achieve constructive uses of the property and facilities.

Particularly in smaller communities, we have urged that a single representative be chosen by the local leaders who can devote substantial time to working with representatives of Defense, General Services Administration, Commerce, Health, Education, and Welfare, and other agencies. We have offered, where it was mutually advantageous, to appoint this representative as a consultant to the Department of Defense so that the community's interest can be kept under constant study during preparation of the phaseout plans. In one case, for example, a planning team composed of the community representative and a Defense representative laid out a variety of uses for the base being phased out which include (1) utilizing the shop and dormitory facilities for a State-supported vocational training school; (2) making the runway and associated facilities available for a community airport; (3) reserving a parcel of land for construction of an elementary school; and (4) using specially constructed hangars for light industry. The team was able to work directly with our counter-

parts on economic adjustment planning in General Services Administration, Federal Aviation Agency, and Health, Education, and Welfare to clear the way for developing each of these projects. At the same time, the Defense representative was able to plan the phaseout so as to facilitate each of the community's objectives. In this case, we also obtained an exception to normal disposal policies in order to leave in place certain items of personal property such as tools, which will be of great value in the vocational training program. As a result of prompt and comprehensive joint planning with the community, the closing of this base is being converted from what first appeared as a catastrophe into an asset, which will benefit the community in multiple ways.

Our Economic Adjustment Office measures its success in terms of facilitating such constructive and imaginative approaches to non-defense uses of unneeded properties.

While we are encouraged by the results of our efforts thus far I would again like to stress that we are pioneering new techniques insofar as the Department of Defense is concerned. Thus we expect to steadily improve our ability to aid community groups in developing workable plans to minimize economic dislocations which would otherwise result from the inevitable changes in weapons and technology.

We have formed a permanent base analysis staff to continually examine our installations requirements by projecting workloads several years into the future, under both peacetime and mobilization missions. This staff keeps the Office of the Economic Adjustment Adviser currently informed of possible future closure or reduction actions, so that studies of the economic implications can be begun at the earliest possible time. As a result, a preliminary economic adjustment plan will be included in the detailed factual report which is prepared for consideration and action by the secretaries of the military departments and the Secretary of Defense. Thus, in the future, we expect to have a running start on economic adjustment plans for discussion with interested Federal, State, and local officials. Following decisions to close or reduce Defense installations in the future, we will be pleased to keep your committee informed of the continuing progress of the economic adjustment program.

In conclusion, the Department of Defense, acting under the President's instructions, will continue to place first priority on achieving the highest state of military readiness with optimum utilization of our financial, manpower, and physical resources. When actions to close or reduce defense installations become necessary and are approved by the Secretary of Defense, we will devote ourselves vigorously not only to achieving savings in manpower and dollars for the Defense Department, but also to assisting employees to obtain satisfactory relocation, and to working with communities to develop the most constructive long-term uses for the facilities.

We believe that the program which has been established by the President and the Secretary of Defense is a practical means of achieving these objectives in a balanced way. We also feel that the authority of the Secretary of Defense to make and act upon decisions in respect to base closures must not be diluted or subjected to prolonged delay such as we believe might occur under the proposed legislation before this committee. Such delay might jeopardize proper planning for

our national defense and have the effect of deterring the taking of such difficult, unpleasant, and temporarily unpopular decisions.

In summary, therefore, we oppose Senate bills S. 1892 and S. 2039 and seek your endorsement and support of the policies and programs which I have described.

Thank you, Mr. Chairman.

Senator CASE. Thank you, Mr. Morris.

Do you have anything further than your statement in chief. Do you want to have Mr. Steadman at this time?

Mr. MORRIS. Not at this time.

Senator CASE. Just before I ask Senator Lausche if he has any questions, I would like to make a statement.

Chairman Magnuson, we are advised, is not feeling well today and will not be able to be here which he regrets, as we do. He would like to ask our witnesses, particularly those from the Defense and Commerce Departments if they could come back Monday or Tuesday to discuss the situation in respect particularly to matters in which Senator Magnuson has a special interest.

Mr. MORRIS. Sir, I have speaking commitments for the first 3 days next week out of town. I will be back on Thursday.

Senator CASE. We will attempt unofficially to adjust the situation so that the chairman's opportunity to go into the matter with you can be provided before our adjournment, of course.

Mr. MORRIS. I will be delighted to, of course.

Senator CASE. This applies also to Congressman Tollefson, of Washington, who was here this morning but decided to defer his particular statement until Chairman Magnuson from the same State could also be here.

I would like also at this time to have the record show that among those present is Mr. George Otlowski, a member of the Board of Chosen Freeholders of Middlesex County, N.J., in which this particular installation, Raritan Arsenal is located. He is one who has been very active in the efforts to go into this thing fully, and we welcome his appearance here, although this morning it is only as an observer. He will have an opportunity to participate in the hearing which will be held in New Jersey as the chairman has set it. The only reason he is not asked this morning to appear is that the chairman felt that if people interested in local situations came here, we wouldn't be able to hear the official witnesses this morning.

But we are very glad indeed to have you with us, and I, as a Member of the Senate from New Jersey, and I know Congressman Frelinghuysen, would like to express our appreciation to you for everything you have done so far in this most difficult area.

Now, Mr. Lausche, do you have any questions?

Senator LAUSCHE. You point out in your statement that on March 30, 1961, Secretary McNamara announced the plans approved by the President to reduce or discontinue operations of 52 domestic and 21 oversea bases.

Mr. MORRIS. Yes, sir.

Senator LAUSCHE. My question is, since March 20, or March 30, has there been any change in this general plan?

Mr. MORRIS. Sir, I can speak only about plans for domestic bases. There has been a change in respect to 1 of the 52 domestic bases and that is one in Texas, where, because of retention of B-47's, the planned phaseout was unable to proceed. This has been deferred.

Senator LAUSCHE. That is, the Texas installation has been continued in operation?

Mr. MORRIS. That is correct, sir, it is continuing its present mission.

Senator LAUSCHE. What was the nature of the Texas installation?

Mr. MORRIS. Sir, the Texas installation has a special operational mission involving the U-2 aircraft, which has had so much attention in the past year.

Senator LAUSCHE. Well, what type of installation was it before March 30?

Mr. MORRIS. It had this mission, sir.

Senator LAUSCHE. This identical operation?

Mr. MORRIS. Yes, sir.

Senator LAUSCHE. When was it decided to continue the Texas installation?

Mr. MORRIS. Shortly, sir, after the announcement of the plans for the retention of the B-47 by the President.

Senator LAUSCHE. How large is that base in Texas?

Mr. MORRIS. Sir, I would have to correct for the record, but I believe the approximate employment of military and civilian personnel is on the order of 2,500. I would have to verify that for you.

Senator LAUSCHE. What were the differences in facts before the time that the decision was made and those that came into existence after?

Mr. MORRIS. Sir, the facts in this case, which are still the facts, this is a deferral, not a cancellation of the action, were that in 1958 this particular reconnaissance mission was among the top priority missions of the Air Force and required location at a remote base with good airspace, such as provided by this particular installation. At that time, it had an indefinite future. As you know, a little over a year ago this mission was changed and cut back by two-thirds from its original level. So it has been operating at a highly marginal level for the past 12 months. It was decided by the Secretary of Defense, in view of the available capacity at other bases, that the remnant mission should be moved to another base where it could be more economically carried on. This was planned in relationship to the planned phaseout of the B-47 program at that time.

As you know, this has been temporarily deferred, therefore, it is not practical to effectuate that solution as of the present time. The plan for action still remains as announced, when it is possible to carry it forward.

Senator LAUSCHE. Except for the Texas installation there has been no change of any character with regard to the other 51?

Mr. MORRIS. Not in terms of the essential programs as announced on March 30; sir.

Senator LAUSCHE. About 3 months ago I was invited to witness a presentation by the General Services Administration to about 100 heads of different departments of Government to view films showing the facilities. I believe at a California installation, I believe at the Raritan and at Rossford, Ohio. As a consequence of that showing which was intended to induce chiefs of departments to make use of these installations, if the facilities were adaptable, has any one of the 51 been chosen by another department of Government?

Mr. MORRIS. I do not think so, sir, I will ask Mr. Steadman if he knows of any interest?

Mr. STEADMAN. Senator, I am not aware of any decision that has been taken. One, at least, of these installations is under very active consideration, I should say two of them are under very active consideration by the National Aeronautics and Space Agency. It is possible that one of these might serve this newly developing need. There is, sir, very active consideration being given for another use, composite use, by a number of different Government departments at one of the installations out on the west coast.

Mr. MORRIS. May I comment one point further on this, sir. This meeting is an illustration of the stepped up program of interagency cooperation in connection with the orderly phasing out of the installations. Normally it would have taken some weeks to circularize the numerous agencies who might have an interest in these properties. It was with the help of GSA that a joint meeting was held to inform these agencies quickly and visually and determine if any possible Government use could be made. It was desirable to establish this as early as we could.

Senator LAUSCHE. Are either of you familiar with why at this particular meeting, that I have described, the Ohio, the California, and the New Jersey installations were shown?

Mr. MORRIS. Yes, sir.

Senator LAUSCHE. Would you, please?

Mr. MORRIS. One of the major programs represented in the March 30 announcement by the Secretary of Defense, is a reduction of the excess arsenal storage and maintenance facilities that now exist in the Ordnance Corps. These three properties formed "a package of installations," as it were, that are all involved in that program. They are similar, comparable-type installations. Therefore, it was compatible to demonstrate and announce them to this group at one time.

Senator LAUSCHE. Now, in connection with the Apollo project, is it contemplated by the Department of Defense and associated agencies to utilize existing unused facilities, if they lend themselves to the work?

Mr. MORRIS. Sir, I did not hear the first part of your question, I am sorry.

Senator LAUSCHE. With respect to the Apollo projects, Apollo, am I correct, do we understand each other on that?

Mr. MORRIS. I am unable to speak on this, sir. I do not have knowledge of this project so I cannot answer your question.

Senator LAUSCHE. Is the Department of Defense making a study to ascertain whether existing nonuse facilities might lend themselves into this great expanded program in electronics and space work?

Mr. MORRIS. As I say, sir; I cannot speak to this specific program.

Senator LAUSCHE. You cannot speak on it, you say?

Mr. MORRIS. No, sir; I will be glad to provide you information for the record or a witness to answer the question. We do make all of our properties, which are held in standby or mobilization condition, available for all departments, of Defense and for other interested agencies; i.e., NASA for consideration. I do not have personal knowledge of the one you refer to.

Senator LAUSCHE. Even though Apollo is an NASA project, it is the same taxpayers money that is supporting the defense activities and the NASA activities. And it would seem to me that instead of establishing new quarters, if existing ones are available, that the efforts would be coordinated and I assume they are. Will one of you answer, please?

Mr. STEADMAN. Senator, we have been in very active contact with NASA. We have had a conference with GSA representatives, the Budget Bureau, myself and Mr. Webb. We have also been in constant touch with Mr. Ulman, who is head of the NASA facilities study effort. We have actively explored the merits and the availability of the installations which are in process of phasing out. They have been very cooperative in sending study teams, survey teams, to examine these possibilities in a considerable number of these cases. These decisions, of course, will have to be made by them in terms of their special needs and requirements and the special criteria essential for their purposes, but we have been in active touch with them.

Senator LAUSCHE. Can you tell me what factors are being considered, let's say, by NASA in determining whether they will use existing adaptable facilities or whether they will buy new ones?

Mr. STEADMAN. Sir, their determinations are not our responsibility. We have sought to bring what is available directly to them for their purposes. But, their criteria would have to be their own.

Senator LAUSCHE. You do understand that there is a widespread belief in the public that there is no serious effort made to utilize existing facilities but the penchant is to get new and duplicative ones, and that is why I put this question. You need not comment on it.

I think we ought to have before this committee, a representative of NASA.

Senator CASE. I am sure the chairman will be happy to accede to your suggestion, and perhaps the arrangement can be made for the time when the committee meets again when the chairman is here.

Senator LAUSCHE. Mr. Morris, are you in contact with all of these installations or these subjects of March 30?

Mr. MORRIS. Yes, sir, we are. As I mentioned, we have the Installation and Relocation Planning Committee, which is made up of key representatives from each of the military departments. This committee works with us currently and constantly. Mr. Steadman follows these actions day by day.

Senator LAUSCHE. You know of my interest in the Rossford plant up at Toledo, and I think it is a fact—is it the Benicia plant in California, and the Raritan and Rossford that were shown at one time?

Mr. MORRIS. Yes, sir.

Senator LAUSCHE. Are they all similar in nature, those three?

Mr. MORRIS. Yes, they are, sir; in terms of each being a general-purpose ordnance depot with storage spaces and maintenance facilities. They have had similar missions throughout their history.

Mr. STEADMAN. Also, if I may add, each one is located in a very large industrial area with possible potential uses.

Senator LAUSCHE. That is all I have. Thank you very much.

Mr. LEVIN. Following up what the Senator asked you concerning the three bases, the base at Mount Rainier obviously was not included. Is that because of the conditions governing the granting of the land for the base by Pierce County in Washington?

Mr. MORRIS. No, sir; Mount Rainier is one of the four major ordnance depots which is being phased-out, unlike the other three, it is not being turned over to GSA for nondefense utilization because it is located on the premises and in the complex of Fort Lewis. Therefore, it cannot be made available for nondefense utilization.

Mr. LEVIN. Isn't it also true it could not be made available for nondefense utilization under the terms of the grant or condemnation in which land was turned over only for military purposes, and at such time as it is not used for military purposes, it will revert to the county?

Mr. MORRIS. I believe there are conditions of this type, sir. In addition, I should hasten to point out that about 69 percent of the total property has already been requested for urgent requirements of the Fort Lewis operation, so that we have a continuing but different type of military need for the facilities.

Mr. LEVIN. I just wanted to differentiate between the situations. Thank you.

Senator LAUSCHE. May I ask just one further question. That is, your opposition to this bill is predicated in the proposition that what it contemplates is already being done?

Mr. MORRIS. That is correct, sir.

Senator CASE. On that point, which I think is the heart of the question, did you not tell us on many occasions that it is the function of no one in the Defense Department, and so far as you know the function of no one in Government, to take into account and measure the effect upon an area, the economic effect upon an area of the closing of a military installation before the decision to close it is made?

Mr. MORRIS. This is also correct, sir; and if I may, I would like to reconcile my two answers.

The President's instruction to the Secretary of Defense is to evaluate all facets of our military plans, including our physical resources. Where for military reasons it is more efficient to consolidate and thereby release some of our established facilities, this should be done. We are to assess the specific economies to the Department of Defense and the specific costs to the Department in arriving at that decision. Once that decision has been arrived at for defense and military reasons, we are then instructed to assess the impact on payrolls, on employees, and on communities. We then work with all proper Federal agencies to cut the losses and avoid those impacts to the maximum possible extent. We do take into consideration all elements as outlined in the bill, some before the fact, and some after the fact.

Senator CASE. Again, I appreciate your frankness here.

We are only trying to get at the facts, because we are all concerned about the same problem, the defense of the country and as economical as possible operation of that.

Just to press it once further, before a decision to deactivate is made, you do not take into account the economic impact upon an area or upon other agencies of the Government, or the Federal Government, or of local or State government, but after the decision is made, you do have an elaborate procedure which you have been developing and working to lessen the economic difficulties as far as an area is concerned, as far as the employees are concerned. That is a fair statement?

Mr. MORRIS. That is an accurate statement, sir. I might add one further point to it.

In the development of the factual presentation for the Secretary of Defense, who makes the final decision, we do gather, as part of this economic adjustment program, as many as possible of the additional factors that you have mentioned for our future planning, and make them available to him at the time of his decision. This is set out, sir, in the published procedure which I am providing for the record.

Senator CASE. I appreciate that, and I do appreciate your frankness about this whole matter.

Now if I may ask you a couple of questions with regard to particular installations.

You mentioned on page 3 there are plans to discontinue domestic operations at 52 domestic bases. Do they include three naval yards—Philadelphia, Boston, and San Francisco?

Mr. MORRIS. No, sir; they do not. They include no naval shipyards.

Senator CASE. I raise it because there has been considerable question in the press suggesting that the decision to close those bases had been made, that, at the very highest level of our Government there was instigation of congressional activity and local pressure to protest these closings and the decision upon such protests being made effective was reversed. The implication is an unfortunate one and, as you can understand, when people in our area read that successful local pressure has forced a change in decision, they wonder why this can't happen to us also. So I wonder if it would be appropriate for you to make comment on the newspaper stories and indications that naturally arise from them, both for the sake of the reasonable concerns and questions in the people's minds in New Jersey and other places, and also in fairness to the people whose names have been mentioned rather specifically, more specifically than I have mentioned them this morning.

Mr. MORRIS. Sir, I can comment only for the Secretary of Defense and my office, and the Department of Defense. I cannot comment on anything that occurs outside of the Department.

We have not completed any studies of shipyards. We have not made any recommendations at my level in the Office of the Secretary of Defense. There have been studies going on within the Navy for several years of the entire shipbuilding capacity of this country. Those studies are continuing as part of our overall evaluation of all installations. This is the actual fact of the matter.

Senator CASE. And that is as much as you want to say about that matter at this time?

Mr. MORRIS. This is the entire story from my point of view, sir.

Senator CASE. Is there included among those 52 domestic bases, and I guess probably your answer would be no, the New Orleans Naval District Office?

Mr. MORRIS. This is one of the actions, sir, included in the 52.

Senator CASE. That action was reversed?

Mr. MORRIS. Sir, there has been some modification as to planning for the implementation of that action taking place. There were a number of tenant activities at the facility. The principal objective was to discontinue certain no longer needed activities at the naval station. This is proceeding as planned. The physical properties may be retained for other purposes, as in the case of Mount Rainier Ordnance Depot.

Senator CASE. Several of our interested good citizens in the area of Raritan Arsenal have prepared several questions, which I would like, if I may, to give to you, so that answers can be prepared and included at this point in your testimony and perhaps they can be provided at the time the committee meets the next time, if I may. I will present

them to the reporter and to the staff, and the questions can be made available through them for newspapers as well as to you.

Mr. MORRIS. Thank you.

(The questions and answers follow:)

1. Q. It has been stated that two teams of ordnance experts conducted on-the-spot surveys in evaluating the depot system. The surveys then became the basis under which a decision was made. Is this a reasonable statement of the approach taken?—A. The statement is incomplete.

2. Q. If not, will you correct and/or add that which is erroneous or missing so we may have a place to start this inquiry?—A. The surveys to which reference is made provided important information, but they were not the only basis on which the decision was made. The studies were reviewed and analyzed repeatedly and intensively at every echelon of the decision process, from the Ordnance Corps through the Department of Defense. At each stage there was complete concurrence in the soundness of the recommendation to phase out Raritan Arsenal.

3. Q. Can you provide the names of the experts and the depots they came from at the time of their membership on these teams?—A. No. The team members were chosen based on their proven objectivity and competence to make these studies. But the responsibility for decisions rests solely on military and civilian policy officials, not on the team members, either individually or collectively.

4. Q. Why not?—A. Secretary McNamara explained the Department's position in this matter quite clearly, in another connection, recently, as follows:

"I want to make perfectly clear that I must assume responsibility and do assume responsibility for the actions of subordinates * * *. I really question whether it is wise, whether it is in your interests or mine or in the interests of the Government, to endeavor to attach responsibility to specific individuals in the Department. I doubt we can build a strong Department that way."

5. Q. Can you explain how a group of depot experts can be assembled to evaluate the depot system that results in none of these depots being phased out?—A. If this question is based on a belief that no depot or arsenal being phased out was represented on the survey teams, the premise is false. Two of the survey team members were from installations proposed to be inactivated.

6. Q. Can this be pure coincidence?—A. The team members were selected on merit, as the best and most expert men available for this assignment.

7. Q. Was there a preconceived notion concerning what was to go and what was to remain?—A. No.

8. Q. If so, what was the basis used in deciding depot representation?—A. See items 2, 3, 5, and 6 above.

9. Q. Were these surveys only a tool used to support a decision already conceived by the Ordnance Corps?—A. No.

10. Q. Army?—A. No.

11. Q. Defense?—A. No.

12. Q. Experience has shown that in every major conflict logistical support to the field has been sorely taxed requiring large expenditures of money in major construction as well as obtaining new properties to assist in the many supply problems. Assistant Secretary Morris states in a paper provided the New Jersey congressional leaders and I quote: "The Raritan workload is not being transferred intact to a single location, but rather is being redistributed to several other locations, no one of which is operating at full capacity today." The key word "today"—just what is meant by this?—A. The word "today" as used by Mr. Morris means that all of the depots to which Raritan work is to be redistributed can readily absorb this work now. Furthermore, capacity will remain after such redistribution sufficient to meet mobilization requirements.

13. Q. Are we attempting to operate defense installations at full capacity or near full capacity during peacetime?—A. No. The depot-arsenal system will still operate as far below capacity after closure of Raritan Arsenal.

14. Q. What happens then in time of war—more frantic crash programs to duplicate facilities previously disposed of resulting in a far greater waste of the taxpayer's dollars?—A. No. The remaining arsenal capacity is expected to be fully adequate for any foreseeable mobilization needs.

15. Q. Is this true economy of operations?—A. Yes.

16. Q. Explain, please.—A. See above. Continued operation of Raritan Arsenal would be wasteful and unnecessary.

17. Q. The basis under which the surveys were conducted dates back 2 or 3 years, with the world situation as it is today can you explain why this data would still be reliable in view of the new administration's intent to substantially build

up our conventional warfare capability?—A. The surveys, which began about 2 years ago, were finalized during January and February of this year (1961). They covered the Ordnance depot requirements for the time from 1960-70 to include full-scale mobilization or mobilization to any lesser degree, such as the present buildup. Also see Item 14, above.

18. Q. In discussing the criteria under which Raritan was compared with other multiple mission depots, one major evaluating point was a preconceived requirement for a minimum of 4,000 acres required for rocket and missile storage and maintenance. Will you please explain why Raritan was considered a multiple-mission depot as opposed to placing Raritan in the specialized and/or limited-purpose-mission depot category?—A. Raritan was considered as a multiple-mission depot because it has been assigned multiple missions. The depots referred to as limited-purpose depots are those with only ammunition missions assigned, except Erie Ordnance Depot. Erie has the major mission of supporting the Air Defense Command anti-aircraft missile units in the Great Lakes region. To make a comparison of Raritan with the limited-purpose depots, except in the case of Erie, would cause Raritan to compete with purely ammunition depots. This would place Raritan at a distinct disadvantage due to its limited ammunition capacity and the fact that its capacity for storing ammunition is further restricted for use in storing bulk high explosives.

19. Q. Was Raritan compared with other specialized and/or limited-purpose depots?—A. See item 18.

20. Q. Do you not think that this should be accomplished before complete phaseout to insure retention of the most modern of facilities among the two depot categories?—A. See item 18.

21. Q. The quoted dollar savings of \$9.6 million annually will be realized as the result of closing Raritan Arsenal. Analysis of this figure reveals that approximately \$7.2 million will result in displacement of 1,200-1,400 employees. Presumably then, 2.4 million will be saved in some unidentified area.—A. A complete analysis of the savings was provided to Senator Harrison A. Williams, Jr., under date of July 31, with a copy to Senator Clifford P. Case. This explanation is reproduced herewith:

Annual recurring net savings after inactivation

Supply and maintenance operations:

General supply operations.....	\$3, 481, 000
Transportation activities.....	408, 000
Disposal and demilitarization.....	450, 000
Depot maintenance.....	1, 968, 000

Total..... 6, 307, 000

National activities..... 630, 000

Overhead costs:

Headquarters staff.....	843, 000
Post motor pool.....	340, 000
Field maintenance.....	178, 000
Fire department.....	169, 000
Guard force.....	324, 000
Repairs and utilities.....	469, 000
Post supply.....	240, 000
Signal communications.....	100, 000

Total..... 2, 663, 000

Grand total..... 9, 600, 000

The net savings consist of reductions in direct expenditures, including payroll, utilities, operating supplies, and purchased services.

22. Q. What explanation can be offered to support this saving when Defense readily guarantees employment to those who are willing to relocate?—A. Total civilian employment in the Army arsenal-depot system was 105,000 on June 30, 1961. Normal turnover will readily permit absorption of all Raritan Arsenal employees who desire to continue in Ordnance Corps employment over the 3 year phaseout period.

23. Q. Are you not saying that after completion of the closings announced on March 30 that 1,200-1,400 civilian positions at Raritan are no longer needed within

the Defense Department?—A. It would be correct to state that after consolidating the Ordnance missions into a lesser number of depots, as a result of the Raritan closure, the savings in civilian personnel spaces throughout the Ordnance Depot system will exceed 1,400.

24. Q. Why not?—A. See 21 and 23 above.

25. Q. How many personnel spaces can be forfeited by the closings of the 70-odd bases?—A. The military and civilian spaces released by reducing or closing unneeded installations will be utilized to properly staff and strengthen the defense effort in essential areas.

26. Q. Isn't this the only true way dollars can be factually saved?—A. No. Large sums are also saved through O. & M. reductions, and through the avoidance of future capital outlays in unneeded installations. See item 21, above.

27. Q. The New York-New Jersey port facilities are vast, having tremendous outloading capabilities. What is the forecasted military utilization of the port of New York?—A. The planned use of the New York port and outloading facilities can be fully utilized during an emergency, after closeout of Raritan Arsenal, using Letterkenny Ordnance Depot and the various depots comprising the Letterkenny complex, such as the Seneca Ordnance Depot, Columbus General Depot, and Schenectady General Depot.

28. Q. Industrial developers, it is reported, have stated the arsenal site could be converted into an industrial development. Is this so?—A. Yes. Uses other than industrial have also been proposed for parts of the property.

29. Q. If so, why is there so much vacant industrial land in close proximity to the Raritan Arsenal. For instance, directly across the river from Raritan Arsenal on the Sayreville side where there is a deep channel for oceangoing vessels, there stands acres and acres of vacant land. Can you explain or do you have an opinion as to why arsenal property is so much more desirable?—A. The 3,200 acres at Raritan Arsenal are said to constitute the largest assembled potential industrial site in northern New Jersey. For other advantages, we would refer you to the authorities on this subject most familiar with industrial development in New Jersey.

30. Q. Raritan Arsenal controlled and maintained a subdepot in Carteret, N.J. Several years ago, this site was released to GSA and sold to an industrial developer. Today, there are less than 50 employees there. It is an excellent and prime industrial site with rail facilities, close to the water and major highways. However, it stands practically vacant. Why?—A. The Department of Defense has made no study of this subject, and does not consider it appropriate to do so.

31. Q. Is the real reason for the proposed shutdown of Raritan due to the high wage scale in the central Jersey area?—A. See item 2, above.

32. Q. We understand there is a variance of 68 to 75 cents an hour for comparable wageboard jobs at Chambersburg, Pa., when compared to Raritan Arsenal. Is this a part of the Defense Department savings or is this the real reason for the move westward?—A. There is a variation in local wage rates from one installation to another throughout the U.S. Army civilian wage scales correspond with these, and when a position is moved from one location to another the wage rate is adjusted, either up or down as the case may be. This fact does affect operating costs, but it has not been a significant or determining factor in any of the decisions to inactivate an arsenal or other installation. The real reasons for the closure of Raritan Arsenal have been outlined above, within the limitations appropriate to public discussion.

Senator CASE. Are there any questions that you would like to ask?

Mr. LEVIN. If you please.

On your remarks concerning your studies, which are after the fact, after you have made a determination that you will close a base, you mentioned you do study certain of the economic factors involved. Is that correct, sir?

Mr. MORRIS. We study the economic factors through a separate office headed by Mr. Steadman, just as early as the approaching problem of a base reduction emerges. I might read to you the specific kinds of factors that we begin developing at the earliest possible point.

Mr. LEVIN. Before you do, sir, I would like to know if these factors are considered before you make the final determination on the closing of a base?

Mr. MORRIS. Let me respond first to that question and then read the specifics.

Our studies are systemwide in character, based upon complete categories of functions performed by different kinds of defense properties.

There are some 60 major categories of installations and there are some 6,200 total installations. We have sorted them down into 60 groups and are studying the capacity and long-term requirements for each such category. We attempt to look ahead 5 to 10 years.

When we identify a large excess emerging in a category, we then have to examine specific properties within that category, rate them on the basis of their long-term capability, their condition, what it will cost to hold them, et cetera, narrowing down, therefore, to those that are the most likely candidates to be phased out.

At this point we make an economic analysis from the Defense point of view to determine what the greatest economy is that can be achieved by selecting one or more of these installations. These are the hard-core facts upon which the Defense decision is made.

Later we begin the development of information on the payroll impact to the community, and other impacts on Federal losses, State and local interests, and include these as memorandum data in our study. Those data become of great importance after the decision in helping the phaseout planning.

I should hasten to point out to you that if in the future situations develop where the alternatives available for a selection as to closure resulted in an equality of rating of two or more installations on the basis of our primary defense needs, we would certainly, as common-sense individuals, give much consideration to the impact on the community. But this must come as a second priority.

Mr. LEVIN. Now the factors, if you would submit those for the record—

Mr. MORRIS. Yes, sir; they are included in what I am submitting for the record. (See above.)

Mr. LEVIN. That is all I have.

Senator CASE. Thank you very much, Mr. Morris and Mr. Steadman. I have no further questions. The committee staff will be in touch with you and work out a later appearance when the chairman can be here.

Senator CASE. Now we have Mr. Edward Gudeman, Under Secretary of Commerce.

STATEMENT OF EDWARD GUDEMAN, UNDER SECRETARY OF COMMERCE, ACCOMPANIED BY HYMAN H. BOOKBINDER, SPECIAL ASSISTANT TO SECRETARY OF COMMERCE, U.S. DEPARTMENT OF COMMERCE, WASHINGTON, D.C.

Mr. Secretary, we are very happy to have you here and we welcome your statement. I see you have a prepared statement. You may proceed in your own way.

Mr. GUDEMAN. Thank you. I welcome this opportunity to appear before this committee to express the views of the Department of Commerce on S. 1892 and S. 2039, which deal with the effect on local

communities of the deactivation of certain of our domestic military installations.

We concur most heartily with the basic objectives of both the Case-Williams bill and the Magnuson bill, for both seek to ease the human and economic impact that might otherwise result from the closing of military bases because of the urgent necessities of the Nation's defense efforts.

Indeed, this administration has for some time been keenly aware of the need for Federal action to assist in meeting the unemployment and other economic problems of communities affected by termination of military installations in this country.

Your committee has already heard from representatives of the Defense Department concerning the care that is being taken to minimize the effect of such decisions—decisions which must, of necessity, be made primarily on the basis of maintaining a constantly adequate defense posture with which to meet the continuing world crisis.

To supplement these efforts, the President 4 months ago created a Cabinet-rank Advisory Committee to the Secretary of Defense to assist in aiding communities affected by such military decisions.

The Committee is headed by the Secretary of Commerce, and includes the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of the Interior, the Chairman of the Council of Economic Advisers, the Administrator of the Housing and Home Finance Agency, the Small Business Administrator, and the General Services Administrator.

In a memorandum to the committee dated May 8, 1961, outlining the President's views on the duties of this Committee, Mr. Frederick G. Dutton, a special assistant to the President, declared:

The Committee will provide counsel to the communities affected concerning the possible availability of Government assistance programs, informational services on market research and other matters, worker retraining, procedures for seeking orders from Federal procurement agencies, and such other help as may be available.

At the same time, setting obvious limitations on the Advisory Committee's function, the memorandum added:

The Committee will not be concerned with the decision for, and actual carrying out of, the deactivation and disposal of facilities, which functions are the responsibility of the Department of Defense and the General Services Administration.

Immediately upon receipt of this Presidential directive, the Secretary of Commerce assigned the task of carrying out this advisory program to a special assistant, Mr. Hyman H. Bookbinder—who is here with me and will help answer any questions you may ask—and called upon the Area Redevelopment Administrator, Mr. William L. Batt, Jr., to make available his agency's services for this important undertaking. Mr. Bookbinder has created a working committee of high-level representatives from all of the agencies represented on the Cabinet Committee. This staff committee has been meeting regularly and has helped establish task groups for visits to and work on areas that have presented special problems.

It was natural that the Department should place special reliance on the Area Redevelopment Administration for providing manpower and special facilities to aid in this assignment. For there is a special kinship between the needs of these areas affected by the closing of defense installations and the areas already being served by ARA.

The kinship, of course, lies in the need for Federal action to supplement local efforts aimed at abating the misery of unemployment and providing the climate for new business ventures.

The Commerce Department, like the authors of the bills under consideration, believes it is vital to understand the economic effects of defense decisions. This applies not only to deactivation of military installations, but even more importantly, to stepups in defense, to major changes in weaponry and to disarmament, when that becomes possible. We believe we have a peculiar and vital contribution to make in assessing the economic impact of such decisions, and we appreciate the recognition of this in S. 1892 and S. 2039.

Insofar as the present program of closures is concerned, however, we believe that the procedures created by Presidential directive provide all the authority that is needed. The interagency Cabinet Committee and the interagency staff committee, have available to them the relevant facts about the communities involved so that a meaningful and constructive job can be done in providing alternative uses of the facilities to be closed.

I think it is obvious that the administration is deeply concerned about the effects on workers and communities as the result of the closing of military installations, and that we are anxious to avoid any hardships.

To achieve this goal, we are working constantly with local community leaders, providing them with as much advance notice as is consistent with our military security, so that they will have the maximum amount of time to adjust to the changing conditions, to bring in new industry, to retrain and, where necessary, to relocate workers.

On the basis of our experience over the past 4 months, we believe that this interagency task force has been, and will continue to be an effective instrument for dealing with a problem which concerns us all.

If, however, we find in the coming months that there is need for even greater effort by the Federal Government, we will want to return here and discuss with you proposals which may be needed to carry out the announced intention of this administration to alleviate human hardships resulting from necessary military decisions.

Thank you.

Senator CASE. Thank you, Mr. Gudeman.

Do you have any questions?

Speaking for myself, I welcome the concern and evidence by the creation of the Cabinet Advisory Committee, which you mention, and the efforts that it is making and plans to make.

I doubt that there is any question of fact as between us on the point that is the subject of my question to Secretary Morris. You expressly disclaim any function for your department prior to a decision in closing the installations?

Mr. GUDEMAN. Yes, sir.

Senator CASE. And, indeed, you also disclaim any responsibility in respect to closing the facilities, saying that those two functions, the decision about deactivation and disposal of facilities, are the responsibility of the Department of Defense and the General Services Administration?

Mr. GUDEMAN. Yes, sir.

Senator CASE. Your function comes later, after the decision is made?

Mr. GUDEMAN. That is correct.

Senator CASE. And is for the purpose of alleviating hardship on a community and on personnel?

Mr. GUDEMAN. Right.

Senator CASE. This is a fine thing.

You do not mention in your testimony the economic effect insofar as the Federal Government is concerned, the savings or increasing costs to other agencies as a result of a military decision to close or deactivate an installation. I take it you would, however, also disclaim responsibility for consideration of those facts before a decision to deactivate is made?

Mr. GUDEMAN. Yes, I think I must answer that "Yes"; but I would like to add that our feeling is that the military decision and the decision to close any kind of a base, warehouse, or installation, should be made on the basis of defense needs; that for a community over the long pull it is better that that decision be made that way, because it is sounder from an economic standpoint and that, therefore, it is up to us, as well as the other agencies, to work with that community so that it can be soundly set up economically after the defense installation is removed.

Senator CASE. I think we do understand how you feel about this. I just wanted to make it clear, beyond any peradventure of doubt, as far as your department is concerned, you have no function in the picture until after the decision to deactivate the installation is made.

Mr. GUDEMAN. Yes.

Senator CASE. At the moment you don't want any part in the picture, even on an advisory basis as proposed by our bill?

Mr. GUDEMAN. Rather than use the word "want," if I may say so we don't think we need any.

We agree with the Defense Department that installations should be continued or discontinued on the basis of the defense facts, and inasmuch as we believe that, we do not need any further authority or work in any different way than we are already, in the Inter-Agency Committee.

Senator CASE. When you say the decision should be made on the basis of its defense implications, which is, in substance, what I believe you said—

Mr. GUDEMAN. Yes, sir.

Senator CASE. That is a pretty broad expression.

Let's assume, as is the case, I think, in Raritan Arsenal, and closing of other depots, the Defense decision is based upon the saving of money. Now this, I think, is a fair assumption, and its chief justification is the saving of money which is a most desirable thing. But the saving of money to the Defense Department, the money that is spent out of one pocket can be offset by extra costs which may have to come out of another pocket, and those costs may be greater than those amounts saved in the expenditures out of the first pocket.

Isn't it, in your judgment, appropriate that some agency of Government have the responsibility to, at least, advise as to what the overall cost to the Government is, that is to say, the taxpayers of the

country concerned? And I don't think you can so easily dispose of it by saying first the decision should be made as a Defense decision, as a matter of defense.

Senator CASE. I think we ought to be very clear about this. Your statement says that the committee will not be concerned with the decision before the deactivation and disposal. These are the functions of the Department of Defense and the General Services Administration. You get into the picture only after the decision to deactivate is made.

Mr. BOOKBINDER. If I may add, Mr. Secretary, there is this very important period of the phasing out itself. It isn't merely that we say that "A decision is made; and there is no more base, and now we do things for the community." During this phasing out period, which can be as long as 36 months, Senator, there is a very important function in which we are helping. We participate with other agencies in minimizing the costs to the Government of other activities like unemployment insurance, and so on, by bringing to the respective agencies and to the community itself, all the possible knowledge about the most rapid kind of adjustment that can be made. We do accept responsibility for that.

I know I have chaired half a dozen meetings by now of representatives at the secretarial level, or under-secretarial level, or assistant level, where we have sat and we have talked around the table and brought to one another as much knowledge as we have about facilities; our area redevelopment people have been active. In that sense, we are concerned about it.

But you are quite right, Mr. Chairman, in saying that what we do not think would be proper for us or for the Government, as a matter of fact, is to attempt to do a rather difficult thing in advance, calculate an indefinite number of factors which have to be taken into consideration, to predict the total economic activity of a community. It is not quite as simple as it might first seem. But we do believe that the Defense Department is concerned about the impact. We are impressed with how seriously they are working in this area. We want to cooperate in that. We believe that when other things are equal, if it can be demonstrated other things are equal, certainly the community which will be less affected should be selected as against the one that is likely to be more affected.

But we think the positive constructive job of helping the community adjust is the emphasis that we ought to place, and that is the emphasis we are placing on this whole activity, and for that we believe that currently we do not need, as Mr. Gudeman said, any additional authority. We welcome the support, of course, of the Senate and the Congress, but we do not need any additional authority over what we now have.

Senator CASE. I think there will be no one who will quarrel with you on that point. I certainly do not myself. I applaud and I know our subcommittee, and committee, and Congress as a whole, would applaud your efforts to minimize and accelerate and ease the adjustment in every possible way.

This is fine. But it does seem to me, and I cannot get it out of my head, that there ought to be consideration of these factors before a decision is made, and that this ought to be the responsibility of someone in the Government.

I cannot see how, in a time when, like it or not, more and more of our economic life, our whole life of the country, is going to be affected by defense spending, this most serious effect of deactivation and moving of defense facilities should not be given the most thorough and careful consideration for every reason. Primarily, the matter whether an apparent saving is a real saving, taking into account other costs to Government agencies, taking into account the impact on the community and private costs, too. And, secondly—and this is not inconsiderable—the effect which such decisions have upon psychology and stability of the community and the very fact, as has been frankly stated, the economic effect, too, upon a community and upon people affected, is not taken into account. It seems to me that it has had a very disturbing impact upon our area in regard to Raritan Arsenal, and I know other areas, too.

It is for that purpose, in part, and an important part, that I myself am interested in this legislation.

Do you have any further questions?

Mr. LEVIN. Just on that same matter, you say that you feel that there is no place for the Department of Commerce to enter until after the decision is made.

Could you suggest who, aside from the Department of Commerce, could make this type of study?

Mr. BOOKBINDER. With Mr. Gudeman's permission—and he can correct me if I am not going to say this right—we would participate in any request for information that the Defense Department or anybody makes in advance, if this is what they feel they need to help them make a decision. We think it would be improper for us to participate in the actual decision on closing. There is information available now in connection with any contemplated closing.

Senator CASE. I just want to emphasize, the bill wouldn't give you the power of decision; it would merely give you the job of rendering and giving an opinion to the Secretary of Defense upon request of the Governor of the State involved, which would be on deactivation of a proposed important installation and where the economic situation is very bad already. You would be doing what I think—what the Department of Defense is admirably able to do after study of these economic facts.

Mr. LEVIN. I would like to remove any questions about this, and it has been brought up here time and again, that there is a question of economics, mixed in with strategic factors, re the deactivation of a military installation. When we have a base which is being closed out for economic reasons, and this is what we are talking about here, it would still seem that a study could be made in advance.

You say, Mr. Bookbinder, that the factors are elusive and intangible, but there still are factors that can be weighed. The savings are also to some extent elusive and intangible, and it seems that there should be an ability somewhere in the Government to weigh one list against the other, the comparison that is proposed by this bill between

presumed savings and presumed losses in costs to local and the Federal Government.

Mr. BOOKBINDER. I would not resist the suggestion that every possible bit of information should be known. I really would not. And we want to participate in that.

I will say this: I think the Senator knows that some months ago I wore a different kind of hat. I was for many years a representative of organized labor and I think that is all I have to say to indicate my concern about disemployment of people. But I want to say most frankly, sir, that the reason that I hesitate—and I join with Mr. Gudeman—I hesitate in endorsing this explicit function for the Commerce Department is the following: I do not think that in the final analysis you best serve the interests of the communities affected by providing vehicles, by providing mechanisms that give them unfounded hope that a military decision can or should be changed. I think the community should use its people, its resources, its know-how, its ingenuity, at the first practicable moment for the constructive end of getting a few facility in, rather than using all that talent, all that material, all that personnel, to effect a decision change. This has happened, unfortunately, in many communities.

And it is for this reason that I believe we can certainly work out additional information channels, if they are needed. We can participate even more actively. But I believe by setting up another technique, another formula, inviting Governors to make petitions on behalf of the people, then I think we are going to be inviting lobbying for a certain kind of economic report.

I don't think we are subject to that kind of lobbying pressure; please don't misunderstand; but I don't want to invite that kind of public lobbying directed at the Commerce Department. It won't serve the community and won't serve the interests of the Government.

Senator CASE. I appreciate your comment, and will certainly give it full consideration. But I would suggest that there is another side of this, and, based on my own experience and the experience of those of us who have attempted to represent the people in this area, for example, in New Jersey, I think if we had a clear and specific responsibility resting on somebody's shoulder, if there was a clear and single place where people could go to register their views about the situations, about these factors which are not now taken into account, that we would have much less waste of their time, of the time of the people in Government, and a much healthier and happier situation than the absence of the feeling that nobody gives a darn about these matters and it is nobody's judgment. And this is why I think this is a tough one.

Mr. GUDEMAN. Of course, we have in our Department the Area Redevelopment Administration.

Senator CASE. I know you do. I am happy about this.

Mr. GUDEMAN. Yes, and we are, too.

Senator CASE. I think you are doing a fine job, and Secretary Batt, whose name was mentioned here, is someone I admire, and this is all swell. But you are not doing the job here we think ought to be done by somebody.

Mr. GUEDEMAN. I am glad you think so far we are doing a good job. This is a very difficult job, as you know.

We believe that the point that you have made can, and is being, handled.

Senator CASE. I am very much obliged to you, and I know that our chairman will appreciate the chance to discuss this matter with you when you and he and the other witnesses can arrange to do it conveniently.

Do you have any further questions?

Mr. LEVIN. Nothing further.

Senator CASE. Is there anything further you would like to say? If not, the hearing is recessed subject to the call of the Chair.

(Whereupon, at 12 noon, the hearing in the above-entitled matter was recessed, to reconvene at the call of the Chair.)

DEACTIVATION OF MILITARY INSTALLATIONS

TUESDAY, OCTOBER 3, 1961

U.S. SENATE,
COMMITTEE ON COMMERCE,
SPECIAL SUBCOMMITTEE,
New Brunswick, N.J.

The subcommittee was called to order, pursuant to notice, at 9 a.m., the Honorable Clifford P. Case presiding.

Senator CASE. The hearing will come to order, please.

The hearing scheduled by the special subcommittee of the Senate Commerce Committee today, here at Rutgers University in New Jersey, is in a particularly appropriate location. For, as other witnesses will make clear, the decision to inactivate Raritan Arsenal is very much on the minds of people here in New Jersey.

Raritan Arsenal is scheduled to be phased out over a 3-year period. This was part of the decision by the Pentagon last spring to inactivate 73 permanent military installations throughout the country. The people of New Jersey are also concerned about the future of the Philadelphia Naval Shipyard, which is now under study, and the Lakehurst, N.J., Air Station, which is gradually being reduced in function and size. Significantly, all these installations are in areas of substantial unemployment.

I introduced S. 1892, one of the bills before the subcommittee, in the Senate last May. Our discussions with military authorities prior to that time about the closing of Raritan Arsenal had left no doubt in our minds that they were not in a position to weigh all the factors involved in the closing of such an installation.

The first day of hearings by the special subcommittee in Washington on September 15 made this point very explicit. Representatives of both the Department of Defense and the Department of Commerce testified at that time that they are not now authorized to examine the economic effects of a decision to inactivate a military installation before that decision is made. This demonstrates precisely the need for the legislation under consideration here today.

The permanent chairman of this subcommittee, Senator Warren G. Magnuson, who is also chairman of the full Senate Commerce Committee; shares my view, in general, about this. He is the sponsor of S. 2039, an identical companion measure to my own bill. I am sure he agrees with me that the Defense Department and Commerce Department testimony on September 15 has increased the chances for passage of this legislation, although that may not have been the intent of those who testified.

Our bills would require the Secretary of Commerce, upon application from any Governor representing an area where the unemployment rate is 6 percent or more, to measure the economic effect of the

proposed closing of any permanent military installation. And the Secretary would be directed to conduct the investigation "as expeditiously as practicable." While the recommendations of the Secretary of Commerce would not be binding, the Secretary would transmit his findings to the Secretary of Defense as well as to Congress.

Enactment of this legislation would permit a review of such economic factors before a decision to inactivate a military installation is made. Presently, the Defense Department says, in effect, that the economic situation is taken into account only after it moves to close an installation—and then only to alleviate hardship.

Specifically, this legislation would require the Federal Government to look at all sides of any decision to deactivate a military facility, before a final move is made. I believe that there is elementary justice in our position. Suppose the Pentagon seeks to shut down a base in excess of its needs and finds its decision narrowed down to two installations between which, on the surface, there is little to choose?

Should not a detailed review of all the economic, nonmilitary factors be made? Should not the fact that one of these bases might be located in a surplus labor area be given at least minimum consideration before decisions are made?

We believe so, and we believe it would be a help, not a hindrance, to the Defense Department, to pass our bills. Congressman Frelinghuysen and Senator Williams have joined in sponsoring my bill. With Senator Magnuson, we believe that our bills would establish the procedure to permit a careful review of relevant factors not now considered by the Secretary of Defense or by anyone else in our Government.

Clearly, it would not be in our national interest to continue a military installation where facilities are inadequate or obsolete, or the mission of the base itself is outmoded. It would be inexcusable to waste the taxpayer's dollars to keep alive an activity which has outlived its usefulness.

It is quite another thing, however, to fail to take any account whatsoever of the effect on the economy of the communities involved when a major military installation is closed, particularly if the installation is located in an area of substantial unemployment.

As I said earlier, this is the continuation of hearings by the subcommittee which began with a hearing on September 15 in Washington. Similar hearings may be held on the west coast by the chairman of the subcommittee, Senator Magnuson. I will be very happy indeed to welcome the witnesses who have indicated their desire to appear this morning.

Before calling our first witness, I would further like to say that we thought it was proper, since the legislation would provide that it is put into motion by a request of the Governor of any particular State, if we asked our two candidates for Governor in the current race, which everyone is aware of, if they would like to present their views.

Secretary Mitchell, Republican candidate for Governor, has submitted a statement and I will ask that it be included in this report at this point.

(The complete statement follows:)

STATEMENT OF JAMES P. MITCHELL, REPUBLICAN CANDIDATE FOR GOVERNOR OF
NEW JERSEY

The fate of Raritan Arsenal will not likely be affected by what ever action is taken on the bills being considered by this Special Subcommittee of the Senate Commerce Committee. But it is in the interests of the public that this legislation be enacted into law, regardless of any immediate effect it may have.

My opposition to the inactivation of Raritan Arsenal, announced last spring by the Department of Defense, does not go to the military considerations involved. As a former Assistant Secretary of the Army, I understand the desire of the Pentagon to make dollar savings wherever it possibly can, and I commend this interest. But I know, too, because I served more than a few years in the Pentagon, that it is entirely possible to base such decisions on a preconceived notion, rather than on the facts.

No information has been forthcoming which would give us an inkling of the extent to which the Defense Department has actually delved into the Raritan Arsenal situation.

The Defense Department decision was not, I believe, a military decision. The determination to close Raritan Arsenal was, rather, based on dollars and cents considerations, surely, important considerations in themselves.

But we might fairly ask many searching questions the answers to which these bills under consideration here would help provide.

I have no illusions about the Department of Defense's desire—headlong might be an appropriate term—to go ahead with their plans to inactivate Raritan Arsenal. In their every move, these officials have demonstrated that no bill, no protest, no request for information on which discussion and judgment could be based will deter their intention to inactivate the arsenal.

Senator Case, who introduced the first Senate bill on the subject, with Senator Williams of New Jersey as a cosponsor, is to be commended for pressing for action on his bill. Senator Magnuson, chairman of this subcommittee on which Senator Case also serves, has contributed much by introducing an identical bill and by agreeing to these hearings, and Representative Frelinghuysen has introduced a companion bill in the House.

I would add, at this point, that my decision to file this statement is based not only on my deep conviction that the facts have not been fully developed in this case, but also because the legislation before this subcommittee gives me, in the event that I become Governor, a direct role in the proceedings prescribed by the terms of the bills.

Under the Case-Magnuson bills, upon application of the Governor of a State, the Secretary of Commerce is directed to undertake a study of certain economic factors involved in a proposed inactivation of a major, permanent military installation. The study would be undertaken in areas of substantial unemployment, where the jobless rate has reached more than 6 percent. The Secretary of Commerce would then report his findings to the Secretary of Defense before decisions in the Pentagon are finalized.

In the case of Raritan Arsenal, it is important that the Department of Defense determine whether, while it may be saving money, an even more important financial loss would be suffered by:

1. The people of Middlesex, Union, and other neighboring counties affected by the closedown, directly and indirectly. Camp Kilmer, adjoining Raritan Arsenal, is a "ghost" camp in caretaker status. The record does not show that the land in and about Raritan Arsenal, because of the land contamination process involved in the handling of ammunition over the years, would be any more valuable for industrial development than Camp Kilmer itself, which is not available at all.

2. Other Federal agencies, such as the Federal Housing Administration, which has insured hundreds of thousands of dollars in mortgages in the Raritan Arsenal area.

3. State and local governmental agencies.

I believe the Department of Defense should support these bills. This legislation would give the Secretary of Defense additional information on which to base his decisions. He does not now have authority to use as a factor in his ultimate decision, this kind of valuable, even critical, information.

From a New Jersey standpoint, the Department of Defense has made two adverse decisions within the past year—one with respect to Raritan Arsenal and the other at Lakehurst Naval Air Station—which is still, at this moment, in operation despite the dissolution of its Overhaul and Repair Department with the loss of one-third of the station's civilian and military personnel.

In both instances heavy unemployment—among the worst in the State—was a totally unconsidered factor at the time of decision.

This, I submit, is worse than callous; it actually deprives the Department of Defense of an opportunity to base its decision upon all the factors and not just upon those which apply to the internal operation of the Department itself.

Senator CASE. Judge Hughes is at liberty of course to file a statement if it is not read now, which will be included in the record before it is made permanent.

Our first witness will be Dr. Monroe Berkowitz, chairman of the Economics Department of Rutgers University.

STATEMENT OF DR. MONROE BERKOWITZ CHAIRMAN, ECONOMICS DEPARTMENT, RUTGERS UNIVERSITY, NEW BRUNSWICK, N.J.

Dr. BERKOWITZ. I have a prepared statement here which I will be happy to distribute.

Senator CASE. Would you like to have this included in full in the record?

Dr. BERKOWITZ. I would like to have that included in full into the record, if I may, and I would like to comment briefly upon it.

Senator CASE. We would be happy to include it in full in the record and you may continue to develop it in your own way.

Dr. BERKOWITZ. And I would be happy to answer any questions that the committee may have.

It is my belief that the closing of any industry or installation, military or otherwise, which employs 2,500 persons and generates a payroll of about \$15 million each year, and which accounts for direct expenditures of at least an additional \$2.5 million, is bound to have an impact on the economic health of an area. So I am happy to support S. 1892 and its companion bill, S. 2039, which I believe merely attempts to assure that before that kind of action is taken there will be some examination of its economic impact.

I don't think it necessary for me to say anything very much about the importance of the expenditure patterns of the Department of Defense, except possibly to stress that in the kind of an economy in which we live, we have industries both in the public and in the private sectors, all of them or each of them make location decisions all of the time, and the economic criteria that govern the private location decisions are necessarily those which are closely allied to the profit and loss position of the individual companies involved.

However, industries in the public sector, such as those operated by the Department of Defense, operate under budgetary constraints, but I think, they must be alive to the larger implications of their decisions to locate or to remove from a particular area.

Also, let me say that the Department of Defense must of course pay primary attention to its fundamental mission of keeping the Nation strong and prepared to meet all eventualities, although even in this area I do not believe that it can ignore the fact that a healthy, viable economy is essential to our defense, but I would agree with the statement made earlier by Senator Case that if a particular installation is deemed obsolete or if continuance cannot be justified on logistic grounds, then this would seem to have priority over almost everything else, or at least the argument then shifts to noneconomic ground about which I do not wish to comment.

In examining the shutting down here, we find the Department of Defense allows that one of the justifications is the fact that this results in an annual saving of approximately \$9.6 million, and that it would cost only \$8.9 million to deactivate the installation. This figure is contrasted with a comparable cost of deactivating other comparable installations.

I would simply urge that once economic factors are being taken into account, that it is wise public policy to have all of the facts before us.

As a citizen and taxpayer, I am concerned not only about the costs to the Department of Defense, but the total cost or the net social cost to the economy.

I do not believe that as written, S. 1829 interferes with the discretion of the appointed officials of the Department of Defense. The findings of the Secretary of Commerce are not binding upon them.

I have one reservation in regard to the bill which I would like to express.

In looking at paragraph 2 on page 2 of the bill, lines 13 to 19, I would suggest that that paragraph follow the form of paragraph 1. I recognize that this changes its meaning somewhat. That it could merely read:

the approximate losses which have, or may reasonably be expected to be incurred by the private interests as a result of such action.

I believe that that would allow the Secretary of Commerce to make findings with respect to the total economic impact of the move on the private economy of the region. And that of course is, I think, quite important in a region where we have an unemployment rate of 6 percent or more, where the Governor of the individual State requests such findings to be made.

As it is written, I believe it is rather confusing and I would not know, as an economist, quite how to interpret it. I would like to see more discretion allowed to the Secretary of Commerce in allowing him to make a full economic study for whatever it is worth.

In conclusion, my support of the bill is predicated on the belief that any action which is bound to affect the lives and fortunes of so many people beyond those directly employed in an installation, should not be made without complete and full economic information. Private industry can make such a move, and should make such a move, only after full consideration of this. However, the Department of Defense should be obligated to consider information beyond that which can be supplied by their own budget officers.

The bill is a prudent one which I believe will not interfere with the defense capabilities of our economy. It is a wise attempt to suggest that the total net costs to the Government and—this is what some economists have called the net social cost to our Government and community—should be considered before any permanent military installation is deactivated in an area where a significant number of persons are presently unable to find productive jobs.

This ends my prepared statement and my comments on it, Senator.
(Complete statement follows.)

STATEMENT OF DR. MONROE BERKOWITZ, CHAIRMAN, ECONOMICS DEPARTMENT,
RUTGERS UNIVERSITY, NEW BRUNSWICK, N.J.

The closing of an industry or installation which employs 2,500 persons, generates a payroll of approximately \$15 million each year and which accounts for direct expenditures of at least \$2.5 million additional each year is bound to have an impact on the economic health and well-being of an area. I am happy to support Senate bill 1892 which attempts to assure that such an action will not be taken without full consideration of its economic effects.

I need not dwell here on the importance to our national economy of the expenditure patterns of the Department of Defense. In our "mixed enterprises" economy different factors must influence the location decisions of industries in the public and the private sectors. Although private industry has become increasingly conscious of the importance of its location decisions to the community, in the final analysis, these private decisions must be made on the rather narrow basis of their effects on the profit and loss position of the individual industry. Industries in the public sector operate under budgetary constraints, to be sure, but they must be alive to the larger implications of their decisions to locate in a particular area or withdraw from it.

The Department of Defense must pay primary attention to its fundamental mission of keeping the Nation strong and prepared to meet all eventualities, although even in this area it cannot ignore the fact that a healthy, viable economy is essential to our defense. If a particular installation is deemed obsolete and if its continuance cannot be justified on logistic grounds, this would seem to have priority over almost everything else. At least the argument shifts to noneconomic issues and into an area about which I am not competent to comment.

However, economic factors appear to intrude in these decisions. The shutting down of the Raritan Arsenal, for example, is also justified on the basis that this would result in an annual savings of \$9.6 million and that it would cost only \$8.9 to deactivate the installation.

I would urge that once economic factors are being taken into account, it is wise public policy to have all the economic factors before such decisions are made. As a citizen and taxpayer, I am concerned not only with the net cost of the move to one department of government but to all units of government and to the private sectors of the economy.

S.1892 would merely provide that if the installation which is to be closed is located in area of substantial unemployment, that the Secretary of Commerce investigate the situation to determine the true net costs so that such moves may be more intelligently programed. It does not interfere with the discretion of the appointed officials of the Department of Defense since any findings are not binding upon them.

I have one reservation in regard to the bill. I find paragraph 2 (lines 13-19) on page 2 of the bill confusing. I would suggest that if follow the form of paragraph 1 and that it read, "the approximate losses which have, or may reasonably be expected, to be, incurred by private interests as a result of such action." I believe that this would allow the Secretary of Commerce to make findings with respect to the total economic impact of the move on the private economy of the region.

In conclusion let me state that my support of the bill is predicated on the belief that any action which is bound to affect the lives and the fortunes of so many people beyond those directly employed in an installation should not be made without full economic information. Private industry might make such a move only after consulting its cost accountants; the Department of Defense should be obligated to consider information beyond that which can be supplied by their budget officers.

The bill is a prudent one which will not interfere with the defense capabilities of our country. It is a wise attempt to suggest that the total net costs to Government and to the community should be considered before any permanent military installation is deactivated in an area where a significant number of persons are unable to find productive jobs.

Senator CASE. Thank you very much, Dr. Berkowitz. I think your suggestion in regard to subparagraph 2 on page 2 is a sound one, and it is the intent of course of the bill that all economic effects of this action be considered and reported upon by the Secretary of Commerce, and in the part of the bill at the bottom of the page, carried over to page 2, that is stated in general terms, but I think a

clarification of the subparagraph that you mentioned is probably a desirable thing in that interest, too.

Dr. BERKOWITZ. I would be afraid that in this portion that you cite, where you do include the general terms among other relevant matters, that this might be considered and interpreted as applying to the approximate amount of money which might be saved by the department or agency of the Government involved, rather than comparing it with the approximate costs or losses to private interests, governmental interests, and to the Federal Government.

Senator CASE. We are very glad to have that suggestion and also your testimony.

Do you have any questions?

Mr. LEVIN. No.

Senator CASE. Thank you very much.

Next, because of personal reasons, I am going to ask Mr. Joel Jacobson if he will testify.

STATEMENT OF JOEL R. JACOBSON, PRESIDENT, STATE CIO COUNCIL, NEWARK, N.J.

Mr. JACOBSON. My name is Joel R. Jacobson, and I am executive vice president of the State AFL-CIO.

I would like to express my deep appreciation to Senator Case for this opportunity to testify here and for permitting me to testify early, as he stated, because of personal reasons.

I must say, Senator, in all candor, that I feel in a little uncharacteristic position this morning, because I don't have much confidence in the impact of my words, or any other witnesses words with regard to the specific instance of the closing of the arsenal.

I feel a little bit like a union negotiating committee that might be negotiating with an agent of the employer who has no authority to reach an agreement.

I feel, regardless of how eloquent or persuasive or convincing anybody's words may be, unfortunately the die is cast. Nonetheless I do think these hearings are very important and I would like to commend you for the opportunity to testify.

The hearings can illuminate the impact on three specific areas that I believe are important for all to understand. First it is the specific impact on Raritan Arsenal employees themselves; the second is the impact on the economy of the area in which the arsenal is located; and third is the role of the Government as an employer. I would like to comment very briefly on all three.

First the statistics have been presented that the payroll is a \$20-million payroll. This is obviously nothing to sneeze at in the impact it has upon the employees of the arsenal.

I find some other statistics that are very interesting. That the average age of the employees of the arsenal is about 50 years; that 52 percent of the people employed there have 15 years or more seniority; that 62 percent of these people have skills that are peculiar only to a military establishment; and that many of the employees are World War II veterans who have had no other jobs outside of their prior service in the Army.

The average wage, including overtime, runs close to \$3 an hour, and all of these facts combine to ask the crucial question, Where do

these people go now and how can they find commensurate employment now that the arsenal is going to be closed?

I think your bill, which we heartily support, can supply some of the answers to these questions.

Secondly, the impact on the area's economy.

A \$20 million payroll compounds itself and generates around \$60,000 worth of purchasing power in the area and I have no desire to comment on the economy, but certainly we all know that a well paid citizenry has money with which to buy products made in the area and this, of course, compounds the economy of the area and we support that.

And finally I would like to comment on the role of the Government as an employer. Now we in labor are not at all bashful about criticizing private employers who take long seniority in private industry and throw it on the industrial scrap heap because of closing of certain plants. We have been severely critical of private industry which has closed plants in this area to move to the southern area of our Nation where we accuse them of trying to pauperize that area by supporting the low wage structure.

We consider it a rather callous disregard for the needs of employees, and I must say that there happens to be this factor in the closing of the Raritan Arsenal. I know another witness will present later some statistics to indicate that the wage rates being paid to comparable employees in the South are considerably lower than in New Jersey.

I would suggest that if military considerations dictate the closing of such an arsenal as this, we should expect the Government to act a little more compassionately than in the manner of private employers. We would expect the Government to act the role of a model employer and I am afraid in this instance that is not what has been forthcoming.

There is one final point I would like to make and again this has no direct bearing on the employees of the Raritan Arsenal but may possibly have for future employees of both Government and private industry. That where there is a decision to dislocate large numbers of people from current employment, such unilateral callous decisions should not be permitted to take place without some concern for the human needs of the people involved. Honestly, I believe that is what is implied in your bill and that is why we are supporting it. If people are to be thrown on the industrial scrap heap, there should be provisions made for them to receive longer periods of unemployment compensation to cushion the impact. A provision for retraining so they can learn skills that are necessary to earn a living in the current day.

We believe that Government has an opportunity to demonstrate what a model employer should be. We hope that as a result of these hearings and possible passage of this bill, such a factor will be possible.

Thank you.

Senator CASE. Thank you very much, Mr. Jacobson. What you say of course is essentially true. This hearing is not specifically on the matter of the closing of the Raritan Arsenal, though that is the occasion for its presentation, and if this legislation had been in effect it is my own judgment that that decision may very well have been made differently so far as this particular activity and installation is concerned, and also others, too.

There was a hearing before a House subcommittee of the Armed Services Committee on that specific point, with the result that very definite recommendations were made to the Defense Department, but that happens to be outside of the immediate jurisdiction of this committee, as you indicated.

Any questions?

Mr. LEVIN. In our last hearing, Mr. Jacobson, the Defense Department mentioned that they would be willing to hold open jobs at the arsenal, I believe the one in Pennsylvania, where the main functions of Raritan would be moved to, and they also made statements concerning their willingness to move the workers who are desirous of changing.

In your experience in the labor movement, could you tell us what percentage of people will follow a job a distance of two, three, or four hundred miles?

Mr. JACOBSON. Not too many, and I must say I would completely support the people who decided against moving. It is not a simple matter to uproot yourself, your family, and the deep ties built up over a period of years and just locate elsewhere. It is certainly understandable that many people resist this sort of temptation.

My guess is that it would be a very small percentage.

Mr. LEVIN. The Defense Department also has told us that people who become unemployed because of their unwillingness to move will be put at the top of the Federal Government's hiring lists here in the area. Are there many other installations or Federal Government activities that you know of where these people could be absorbed?

Mr. JACOBSON. I have no knowledge of the Federal Government operations, no.

Senator CASE. Thank you very much.

Is Mr. Don Wernick here?

Will you give your full name and connections to the reporter, please.

STATEMENT OF DON WERNICK, PRESIDENT METUCHEN CHAMBER OF COMMERCE, METUCHEN, N.J.

Mr. WERNICK. My name is Donald Wernick. I am a pharmacist and I reside in Metuchen, N.J.

I appear before this subcommittee representing the Chamber of Commerce of Metuchen, an organization dedicated to the forward progress of our community, our county, our State, and our country. It is obvious to us that progress at any level in our Government must be dependent on the reaction this has on any other segment.

The bill that we are discussing today has to do with coordination of critical information before a final decision is reached concerning the closing of any large military installation.

This legislation appears very sound, in fact it is surprising to know that at the present time decisions are made in Government without taking into account all of the recommendations in this proposed bill. It is not merely surprising, but almost frightening to learn that decisions reached in the past concerning thousands of people could have been accomplished without ever investigating the area in question or evaluating the consequences particularly in regard to the overall savings to the Federal Government.

A very good example of the dangers involved under the present procedure was the recent decision to close Raritan Arsenal. This decision was made at the level of the Defense Department without consultation with the Commerce Department as to the extent of the damage to the area that would result; or with the Ordnance Department as to the true position of Raritan in governmental activities—those many missions unrelated to the designation “arsenal”, but nonetheless vital to our country.

When the decision to close the arsenal was reached did the Defense Department consider:

1. The 2,600 civilian employees, 52 percent of whom have been employed by the Government for 15 years or more, who will either have to pull up established roots or seek new positions at advanced ages?

2. The impact that the closing would have on an area which already has an unemployment figure of 6.2 percent as of August 1961—and which was higher at the time of the announced closing—and that 1,800 of the people employed at the arsenal reside in this labor surplus area?

3. Did they consider that well over \$11 million were earned at the arsenal and spent in this central New Jersey area?

4. Did they consider that among many others, the arsenal purchases in the area exceeded \$749,000 annually for trucking, \$4,500,000 for contracts involving services and materials and over \$90,000 for cash transactions?

5. Did they consider the fact that perhaps \$100 million of the central New Jersey economy is generated by Raritan Arsenal?

I submit that the above facts were not considered when the original order to close the arsenal was announced. It is not only our hope that the proposed legislation—S. 1892—will be enacted, but also that the realization of its implications will spur those reevaluating the decision to close Raritan Arsenal in the light of information obtained.

If it is true that Raritan's value as an arsenal has passed, proper action should be taken in the 2,192 acres involved. However, if 300 people are involved in a task that should be eliminated; does this mean that 2,300 people gainfully employed in the services of our Government in a 1,035-acre area, performing their tasks under excellent conditions, with modern equipment, and the latest facilities should be forced to seek new employment at no savings to the overall cost of our Government? Should the area owned by the Government be in excess to that required, sell this excess so that private industry can develop this land. But, by all means, retain the area which is gainfully employed as an effective U.S. installation and save the expenses and tribulations of transferring and rebuilding.

We of the Metuchen Chamber of Commerce are most gratified at the courtesies extended by the committee in hearing our views.

Of course I would be happy to answer any questions you gentlemen have for me, but I should like to enclose with my comments a copy of a resolution made by our Metuchen Chamber of Commerce at the time of the first announcement of the closing of the arsenal. I feel that it would not be necessary to read this at the present time, unless, Senator, you feel otherwise, but I feel that it is pertinent because actually many of the comments in it really point to the fact that legis-

lation such as we are considering is very, very necessary and vital to us all.

Senator CASE. Thank you very much.

I have glanced over the resolution. I agree with you that it is pertinent and it will be included at this point in your testimony in the record.

(Resolution follows:)

RESOLUTION

Whereas the Metuchen Chamber of Commerce is vitally interested and has studied the announced intention of the Defense Department to close Raritan Arsenal; and

Whereas it is our considered opinion that serious reconsideration should be given to preserving the major portion of the activities presently being engaged in at the Raritan Arsenal and which are modern and up to date; and

Whereas among other operations, the automatic data processing system, which is the largest in the U.S. Ordnance Corps and which is also the most modern system in the world; and

Whereas other useful, necessary, and important functions are presently being conducted at the Raritan Arsenal in the nature of decentralized agencies performing depot missions; and

Whereas it appears to the Metuchen Chamber of Commerce that these services cannot be conducted at any other installation at any greater economy or efficiency; and

Whereas Raritan Arsenal is a permanent-type installation located within easy access to worldwide shipping facilities; and

Whereas the present area is more than adequate to carry on the major functions now being performed at Raritan Arsenal; and

Whereas there is an existing labor surplus in this area: Now, therefore, be it *Resolved*, That the Metuchen Chamber of Commerce does hereby go on record as being opposed to the summary closing of the Raritan Arsenal and request that all proper officers and officials of the Army and the Government review the order to close and a complete and thorough investigation be conducted with full consideration to the use of the permanent facilities now available to their complete capacity by consolidating other Government operations at this location and/or releasing that portion that may be deemed not necessary for our current defense system to reduce costs for the Federal Government and to increase the opportunity for new business to locate in this area to utilize the labor surplus that now exists; and be it further

Resolved, That certified copies of this resolution be forwarded to the President of the United States, the Vice President of the United States, Secretary of Defense Mr. McNamara, Senators Williams and Case, Congressman Frelinghuysen, Gov. Robert Meyner, Senator John Lynch, Freeholder Karl D. Metzger, Mayor Ernest McMahon, and Mayor A. Yelensics.

Senator CASE. Thank you very much.

We have two mayors here whom I think we ought to hear now in deference to their public obligation, and first the mayor of Edison Township, Hon. Anthony Yelensics.

STATEMENT OF HON. ANTHONY YELENSICS, MAYOR, TOWNSHIP OF EDISON, EDISON, N.J.

Mr. YELENSICS. Senator, my name is Anthony Yelensics. I am mayor of Edison Township.

Senator CASE. Very glad to have you.

Mr. YELENSICS. Would it be proper if I make a few statements about the present situation that I learned last week or maybe I should ask a few questions of the Senator. Would this be proper?

Senator CASE. I think we will be glad to have you proceed in your own way, sir.

Mr. YELENSICS. Last Friday I traveled to New York to the General Services Administration. This morning I learned that 184 acres of buffer zone property at the Raritan Arsenal will be sold or will be purchased by the State of New Jersey, the county of Middlesex, or township of Edison, whichever—whether the State feels that they need it for extra green acres or whether the county wants it for a park or whether Edison wants to develop it on an industrial basis.

During the conversation it was stated that the general area of Raritan Arsenal, the balance of it, was not surplus at the present time and it was also mentioned by the Chief of the General Services Administration that there is a possibility that other services may take over portions of the Raritan Arsenal. So I feel at this time that if some efforts were made to consider some portion of the arsenal for future uses, whether Navy, Marine Corps, or some other branch of the Army, I personally feel it is not too late.

Mr. Jacobson, I think, said that the arsenal was a dead issue. As of last Friday coming from the General Services Administration, they did not feel it was. So I think that, Senator, if possible, maybe more inquiries should be made to save at least a portion of Raritan Arsenal.

Senator CASE. This is a little bit outside of the scope of the immediate hearing on the bill, but it is quite, as far as I am concerned, quite in order for you to make this point at this time. I agree with you. As a matter of fact in the ordinary procedures of the General Services Administration, once one agency of the Government has declared its property surplus to its own use, General Services Administration is supposed under present law and procedure to see if any other agency has needs for it and I know that your Representatives—and I can speak for all of them including myself—will pursue this matter as diligently as we possibly can.

Mr. YELENSICS. Of course, being a small municipal official, and many times being concerned only with the municipality, I would like to speak on behalf of Edison now.

Of course we will lose the bulk of the money spent, no doubt, along with the Metuchen people, and needless to say, as the leading official in Edison, I wholeheartedly agree with those before me and probably everyone in this audience, that this bill is a very good and very proper measure and I think the entire country will feel this way about it. If its passage could be done at the next session, I am sure that that part of the arsenal which hasn't been given up probably could come under this bill and maybe help retain the portions that were not given to GSA.

I do not have a prepared statement. As the days go by, I realize more and more the impact it will have on our economy in Edison and in Middlesex County. There are some 1,836 employees in Edison and Middlesex County. I also realize that the impact will be far greater with the closing of the Mack plant. We also have many people that work at the Mack plant that live in Middlesex County, so the move of Raritan Arsenal is more significant than in other areas because of Mack closing also.

So as the official of Edison I would like to say this: We endorse this bill and whatever we can do in our little way, why we would be most happy to.

Senator CASE. Thank you, Mayor.

I want to say on a personal basis that Senator Williams and I, and Congressman Frelinghuysen have been most helped by your activities in this connection and we will stay close together with you on the whole matter as it develops.

We are very conscious of the fact that Mack is closing, and the specific points that you make about a good many of the people living in your area, we are aware of that too. As a matter of fact that stems back to the historical fact that originally the Mack plant was located there before it went to Plainfield and many of the families actually were there several generations ago.

Do you have any questions?

Mr. LEVIN. No questions.

Senator CASE. Mr. Abrams, my assistant, points out quite correctly that you are suggesting that the bill be passed quickly—and I hope that it will be. In that connection, while he was here, I believe I assured Mr. Jacobson that he wasn't tilting a windmill or talking to people who had no jurisdiction. This committee is quite prepared to recommend this legislation even though the administration may or may not eventually decide to withdraw its present opposition to it. If the bill does become law quickly and before further steps are taken to declare this surplus by the Defense Department, it will indeed have application to any further disposal of part of this property.

Thank you very much.

Mayor Dyckman? Would you just sit there and give your name to the reporter.

STATEMENT OF HON. RICHARD DYCKMAN, MAYOR, CITY HALL, PLAINFIELD, N.J.

Mr. DYCKMAN. Richard Dyckman, and I am mayor of the city of Plainfield.

First, Senator Case, I would like to thank you as well as our other representatives in Washington for your efforts in behalf of your attempt to salvage what we can of Raritan Arsenal. We greatly appreciate it.

I am going to speak primarily as a representative of the city of Plainfield and the people there.

We have in my county of Union some 300 people who work at Raritan Arsenal. At least this was the case earlier in the year, and well over a third of these people live in Plainfield, and even a greater number, almost half, live in the Plainfield area of Union County. That includes, Westfield, Fanwood, and Scotch Plains, but I think I can speak also for the North Plainfield and the South Plainfield citizens. We are extremely concerned with the economic effect of the closing of this arsenal, and particularly in view of the fact that we are about to lose Mack and we are going to get the direct impact of that.

I think this is an excellent bill and I know I can speak for myself and also for the governing bodies and the vast majorities of the people in Plainfield in saying that we endorse it.

I feel that it will emphasize the economic aspects of this situation and will point up the fact that perhaps the savings which the Defense Department anticipates will not be commensurate with the cost to the community and to the Federal Government for that matter.

And I would like to say that from where I sit, I think that the Defense Department has made a very poor case, perhaps no case at all, even for their own Department, in pointing up the fact that there are going to be great savings involved.

They have maintained that that installation is antiquated and obsolete, and in my personal opinion this certainly is not the case and that is the result of some first-hand observation. I spent an entire day at the arsenal and I was conducted through it by the employees and I talked to everybody—not everybody but most people who were in a position to give me authentic information about it.

Since I do not feel that their claim for obsolescence and antiquity is valid, it certainly shifts some doubt in my mind as to their claim for the great savings to be involved and it might be said that this opinion, I believe, is the same one held by almost everybody in this area who is concerned with this matter and who has taken the trouble to investigate it.

Certainly it is not a partisan thing and this opinion is shared by Republicans and Democrats alike. It could be argued of course that we are not in a position to know all the facts. Perhaps there is some military information that is not available to us. On the other hand, I would like to point out that as a result of statements I have read from yourself, from Senator Williams, from Congresswoman Dwyer and from Congressman Frelinghuysen, you also share this opinion, and I find it hard to believe that there be military secrets that are so highly classified that they are not available to our Senators who are so directly concerned.

Perhaps it is too late to say all this, but perhaps we can salvage something and perhaps we can prevent a similar thing happening in the future. I do believe that your bill will greatly emphasize the economic impact of a move of this sort, and surely it is nothing but simple prudence to know all the facts before such an important decision is made.

That is all I have, sir.

Senator CASE. Thank you very much.

Do you have any questions?

Mr. LEVIN. No questions.

Mr. David Wilentz.

For the record, we can take official notice that there is no citizen of this general area who is more aware of almost everything that goes on than our next witness. We are very glad indeed to have you.

STATEMENT OF DAVID T. WILENTZ, PERTH AMBOY, N.J.

Mr. WILENTZ. Senator, I appreciate the alibi because I was wondering when I got up here who I would say I was. One fellow said he was mayor and I suppose I am a lawyer and I would like to think that people think so. There is a difference of opinion about it of course.

Senator CASE. There are other things that we won't put into the record though.

Mr. WILENTZ. But I am intensely interested in the county of Middlesex and the State of New Jersey, and I like to think that that is my prime interest.

First I would like to say that all of us are very appreciative of the efforts of our Representatives in Congress. I think it is frustrating

though and sad that their efforts have been practically of no avail so far as Raritan Arsenal is concerned.

I don't believe this bill—and I think it is important particularly that the employees know that this bill is not going to help them. I think they have been misled sufficiently by the Pentagon, and I know this committee doesn't intend that.

The Defense Department of course has shut down the door on any consideration of the great unemployment and other tremendous economic dislocations that the shutdown would cause; they have shut the door on it. They have gone blindly and merrily on their way on the theory that the closing will save millions of dollars, and of course without regard to the dislocation costs and the others that have already been testified to.

Of course this bill recognizes the problems and adopts the philosophy that these other things ought to be considered, but the Defense Department does not and will not even in the future, unless this legislation is enacted. The Defense Department has acted in this case as if it were a separate government, they have been unconcerned, as has already been testified, about the economic factors, and I am not even going to attempt to go into them, which I had intended to do.

Many of the things that all of us will say, of course, are repetitious. But I think the Defense Department has shortchanged Middlesex County, it has shortchanged the State and I believe it has shortchanged the Nation.

Even without this legislation one would imagine that being human, and realizing that that abandonment would do violence to more than 2,000, they would reconsider as they did in other areas their decision, particularly when they are petitioned to do it by the Legislature of the State of New Jersey. They were petitioned to do it by Senator Case and Senator Williams and by the entire New Jersey congressional delegation, by the governing bodies of the State, the, board of freeholders, by all the numbers in the area and in the State, and by all the affected municipalities.

I happen to think this is very shabby treatment from an administration whose New Frontier philosophy contemplated restoring distressed areas without creating new ones.

I am disturbed too that not only would they not pay any attention to these appeals, but the distinguished Secretary of Defense, so far as we know, has refused or in any event he has failed even to visit the installation, the best geographically located along the entire eastern coast, and which has been and now is a vital limb in the national defense, and I agree with the distinguished mayor of Plainfield that this is a bad situation—even without being an expert—a bad decision from the point of view of the Government.

You know, the handling of this problem by the Defense Department is something no one seems to understand. Who made this decision? Unnamed, some unidentified characters who doomed this facility as a result of the survey made before even the present Secretary of Defense took office, before the Berlin crisis, before Laos, before Cuba.

One of the sad chapters in the treatment of the people in this area in connection with this is that as soon as the order to abandon Raritan Arsenal was announced the Pentagon listed the shock was so great to the area and State that they sent a group of career men here to convince the public it wasn't as bad as it sounds.

Senator, I am getting away from the bill, but I hope you don't mind. That is a liberty that lawyers, and particularly lawyer-politicians always take.

Senator CASE. I wouldn't know about that.

Mr. WILENTZ. I am fearful that is the understatement of the season.

They made an argument that they were going to take care of the people. They had special provisions for the employees, they had suggestions for the use of land and for everything else, such as small loans on business, unemployment benefits, new industry, I would wish I had a copy of the brochure they brought along with them.

All the representatives—all these great departments of the U.S. Government, the Secretary of Commerce, was represented, the secretary of this and that was represented, a big, long list. Well, when they said that the small business bureau would help, the small business bureau has been in existence for years for the purpose of helping small business, they help small business that can afford to repay, it had absolutely nothing to do with Raritan Arsenal or its closing. And certainly they weren't going to help small business that they were wrecking.

It had absolutely no application. This was in the nature of a fraud being perpetrated upon us giving us false hope that this would help.

They said that we will, this land would be abandoned, they could use that for industry, we could bring industry in and they were going to help us bring industry. What do they think we have been doing in Middlesex County all these years with our land? Do they think they have been sitting and waiting for them to close Raritan Arsenal to bring industry in? We have been, every month and every day of the year, as have other localities, seeking new industry and we have got room for new industries we don't have to have them close Raritan Arsenal. This is again an illustration of the horrible public relations.

Commerce, they said, has programs where the Government may be able to use Raritan Arsenal for some other facilities. Well they have been talking about abandoning this arsenal a pretty long time, and I don't see any governmental agency saying they are going to use it. They have declared buffer zones surplus; they want to know where we want to use it for something. Well if it is left there we will probably have to use it for something, and we will, but that has nothing to do with the false hope that they attempted to transmit to us that perhaps they would do it.

Yes, they were going to give the employees—they were going to make available to the employees other employment. They would try, they would try to get a civilian employee another job and they would try to get them the same rating.

Which brings me back to Mr. Jacobson's suggestion of the role of the Government as an employer. When Mack Truck in Plainfield closed down due to a decision recently made in what is now called in the area the familiar Glidden case, which indicates that employees have a vested right under certificated sessions and where a company is going over to some other place, these employees have a right to similar employment with that company wherever they go or they can sue for it and they are doing it, as a matter of fact, in the case of Mack Truck.

Now, what about the Government as an employer where these fellows, as has just been indicated, averaging 50 years of age, what about the role of the Government as an employer as Mr. Jacobson has indicated? They say they will try to give them a job, they will try to give them a rating.

A fellow was in my office the other day. He just came out of the Army. After serving in the Army, he has worked there 16 years. He is 40 now with a wife and one child and another child on its way. He has got a little home. They are going to try to find him a place. This man is ruined and crushed, and that is going to happen with a lot of these employees. It is the saddest thing that has happened in this area in a long while.

There was an item in yesterday's paper that 26 employees out of this big arsenal are moving. What about the colored folks who work there? Their problem is going to be tough enough to be transferred when they get to some of these areas where the atmosphere isn't as friendly as it is here. I think 30 percent of the employees are colored. Where are they going to get homes in those areas? This is cruel.

So the Commerce Department gives its story, and oh, yes, they said, and also we have unemployment relief offices around here. Well we have 5,000 people at the unemployment offices now coming down there for unemployment checks. We don't need any more.

But the point I really make is that to think of them coming down and telling us that these things, these things were something that this great Government was going to do for us.

Well, it all points up of course that this committee by its bill appreciates, realizes, and acknowledges the problem and adopts the philosophy that these things ought to be considered and of course that is why it is a very good bill and it ought to be supported and it has been suggested already, it is ironic that this hadn't happened before. The thing that disturbs me about the bill is that it merely says that the Secretary of Commerce shall get the information and transmit it to the Secretary of Defense. I would hope, and I don't suppose it is possible, that something would be in the bill that the Secretary of Defense has not to listen to it, but it doesn't say so.

Getting back briefly—and I think perhaps I have taken up more time and only age gives me the privilege to do this—many very fine people have been devoting their lives in an effort to help the employees, particularly of Raritan Arsenal, forgetting about the other features of the impact, being economic impact, but employees as human beings. This is what appeals to me. I don't mind the money loss and property, though it is there and many other things, and I want to say, Senator, that we are not going to give up, that we still have hope, we still have friends, and we are still going to try to get a reconsideration of this order of abandonment. It is not going to help those men who have already been displaced, and may not help some others, but until the last man is moved out of that arsenal, we are going to try to reach, we are going to try to reach this Secretary of Defense; we are going to try to reach the Secretary of Defense and see if he won't come down and visit and won't do something about it, or somebody perhaps higher in authority.

Now again I say that I want to express my personal appreciation for your efforts, the efforts of this committee, the efforts of our congress-

sional delegation, and as I said, we will go on again, but I do feel that the employees ought to know that this bill is not going to save their jobs and is not going to help us.

This may help Senator Javits in New York—who is not considering that they are making a GA survey of installations over there. But it is in the right direction and I am enthusiastically and wholeheartedly for it.

Senator CASE. Thank you very much, Mr. Wilentz.

I am heartened by what you say, especially by——

Mr. WILENTZ. Especially the criticism of the administration.

Senator CASE. You said that.

I was about to say not that—whatever may have been in my mind, there was this also, that I am glad that you are not going to stop with the Secretary of Defense. I can think of no one who might have the power to reach beyond and above more than you.

What you said about the question of the Government's taking into account these factors, is so very true, I think. It was inconceivable to me when I learned first that the Defense Department and no other agency of the Government did not already do this. They should. They need no warrants, no specific statute to do it. It should have been the practice of the Government before and all we are doing by this bill, as you pointed out, is to require that it be done which could be done somehow, and should be done in every case.

Now, just to comment and clear the record on the points that you touched upon, and other witnesses have mentioned, it is quite true that we have not been able to get all the facts. Your U.S. Senators and your Members of Congress haven't been able to do this because we have been met by the plea of the administration that security questions were involved which made it impossible for them to tell us the weight given to the various factors which were included among the criteria used in deciding whether this or some other defense installation should be deactivated. This seems quite incredible, too, to the point where it suggests that the real reason is not security but that it would be uncomfortable for them to bare their souls, because it would perhaps raise questions which they couldn't answer, and expose this as a decision which on the merits could not be justified, and that they wanted to get it over with and behind them, and security was the refuge which they sought but not their real reason for failing to disclose this information.

I am very much obliged to you, and I shall continue to work closely with you, and, as you reach these higher authorities, if you will just keep me posted that will be a fine thing.

Mr. WILENTZ. I have the uneasy feeling, Senator, that if you can't reach them, nobody can.

Senator CASE. Thank you very much.

Congressman Frelinghuysen was unable to be here on account of official business taking him elsewhere, but his administrative assistant, Mr. William Kendall, is here I understand.

Mr. Kendall?

STATEMENT OF HON. PETER FRELINGHUYSEN, JR., REPRESENTATIVE IN THE CONGRESS OF THE UNITED STATES FROM THE FIFTH DISTRICT, REPRESENTED BY WILLIAM KENDALL

Mr. KENDALL. My name is William Kendall. I am administrative assistant to Congressman Frelinghuysen, and Mr. Chairman, I feel sort of in the position that a little leaguer might feel after following Babe Ruth, in following Mr. Wilentz, but I will do my best.

Congressman Frelinghuysen is on the west coast on business and asked me to come down today to make a statement in his behalf.

Mr. Chairman, on behalf of my constituents in this area, I would like to take this opportunity to express my sincere thanks and appreciation to the subcommittee for giving our local, county, and State officials the opportunity to appear and testify here today. I am particularly indebted to our own Senator Case, who is a member of the subcommittee, and incidentally, the sponsor of the bill, for his interest in this problem and for arranging for today's hearing so close to the scene of the "crime" you might say.

Having submitted a detailed statement to you on September 15, 1961, in Washington, I have no wish to belabor the subcommittee again.

It is inconceivable to me that having made its decision and seen and heard the disruption caused by it, the Defense Department is now opposing bills, S. 2039 and S. 1892. Amazing also is the opposition of the Department of Commerce as also expressed on September 15 before the subcommittee.

I would like to depart at this point to read from one section of the statement of Under Secretary Gudeman before this subcommittee.

Insofar as the present program of closures is concerned, however—that is, after praising the bills—

we believe that the procedures created by Presidential directive provide all the authority that is needed. The Inter-Agency Cabinet Committee and the Inter-Agency Staff Committee have available to them the relevant facts about the communities involved so that a meaningful and constructive job can be done in providing alternative use of facilities to be closed.

The base closing was announced on March 30. This committee was formed, apparently at Presidential directive, on May 8, 1961, and that, of course, illustrates the problem that we have before us, that both these Departments refuse to realize the problem that we are talking about.

I challenge the statement, and Congressman Frelinghuysen challenges the statement, of the Department of Commerce that they have taken into account all of the factors prior to the closing, which is the purpose of the bill.

In both cases these Departments have missed the point entirely. Instead of looking ahead, they argue that it is better to close the base and then try afterward to relieve whatever economic distress is created. As one of our New Jersey newspapers put it editorially:

If such reasoning were used on the battlefield, our soldiers would be sent blindfolded into unscouted areas, and doctors would come along afterward and try to patch up the wounded.

I would again express my support for S. 2039 and S. 1892 and state that I shall push my own H.R. 7158, which is a similar House bill, during the next session.

A study of the area as proposed by the bill would serve more than one purpose: it might prevent economy moves—such as is claimed in the case of Raritan Arsenal—from becoming wasteful actions.

And the Congressman went into this in the last hearing, so I shall not do it again.

Such a study might conceivably help the Pentagon where it does have a valid case and provide a detailed explanation of the case for local interests, something the Department has failed to provide thus far.

Now everyone knows that the local citizens, and all of us here are interested in Raritan Arsenal and there may be a tendency, although I don't think there has been in the case, for local interests to overstate their case. If a study is made prior to the closing it might conceivably help the Pentagon to explain their position. And this is all that we have been looking for so far.

I might add one more point: All this talk about retraining programs and placement of personnel. Congressman Frelinghuysen recently received a letter from Mr. Lombardo, who is head of the union there, making specific comments about people who failed to obtain positions which were open in other arsenals closed. We are at present investigating these cases and not only will we investigate these cases but we plan to ask for complete information on the 2,604 Raritan Arsenal personnel who were employed at the time of the announcement of closing on March 30.

Mr. Chairman, I believe that the Department of Defense made a grave error when it announced the phase-out of Raritan Arsenal. I believe it is compounding that error in opposing this bill.

I again urge favorable consideration of this bill.

Senator CASE. Thank you, Mr. Kendall.

I do want to say again, as everyone else has indicated before, there is no partisan side to this situation at all, and it is not in any sense a partisan comment when I state for the record—I know my colleague, Senator Williams, would agree—that no one could have been more diligent or more effective in representing his constituents than Congressman Frelinghuysen has been in this matter, which is, of course, characteristic of his services since he has been in the Congress, and your own activities as his administrative assistant have been most helpful to your constituents and to all of us, and I am most grateful to you for presenting again his views.

As you stated, he testified at considerable length at the first hearing of the subcommittee, and the record shows how important and effective his contribution was.

Mr. KENDALL. Thank you, sir.

Senator CASE. Do you have any questions?

Mr. LEVIN. No, sir.

Senator CASE. Thank you.

Another public servant, Mr. George Otlowksi, a member of the Board of Freeholders.

**STATEMENT OF GEORGE OTLOWSKI, AMERICAN PUBLISHING CO.,
PERTH AMBOY, N.J.**

Mr. OTLOWSKI. Mr. Chairman, first of all I would like to commend you, Senator Williams, and particularly Congressman Frelinghuysen for the vigorous and valiant fight that you have been putting up to save this installation.

As a matter of fact, it was because of the leadership of the congressional delegation and the vigorous path that they hewed for the

rest of us that we were able to pitch into this fight, and I think it was Mr. Wilentz who pointed out that the entire congressional delegation of New Jersey, the Assembly in the Senate of New Jersey, and the Board of Freeholders have expressed deep concern about this and as an elective official of this county, I again would like to repeat my sincere compliments to you, Senator Case, to Senator Williams, and to Congressman Frelinghuysen for the fact that they have kept this bonfire going and frankly, I would like to say this at this point I don't agree that this fight is lost. We are going to keep on fighting and we are going to keep on praying at the same time that some miracle is going to take place here to save this installation, because I think that is the point that we have come to at the present time.

America is living and has to live in a military economy. We shall have to live in this kind of an economy so long as the people of the world are menaced by the constant threats of a grasping Communist empire. A military economy is a necessity in our time.

Since a military economy is necessary for our very lives, controlling almost every aspect of our very living, no military installation should be closed without considering the economic impact that such a closing has upon a particular area.

I, therefore, favor the passage of the bill that you introduced in the 87th Congress known as S. 1892.

The Raritan Arsenal is important to the very life of Middlesex County. It is the second largest single employer in Middlesex County. It pours \$20 million into the lifestream of the county each year. To abruptly cut this off affects the very economic health of the county, particularly when we have over 6 percent of our people unemployed.

This committee is not concerned with the military importance of the Raritan Arsenal. It is merely concerned with the economic impact the closing of the arsenal has upon the county.

I am, therefore, limiting my remarks to the economic facets.

The Defense Department, in my opinion, made a terrible mistake in phasing out this installation in Middlesex County when the county is struggling for its economic vitality and growth. Cutting out \$20 million from this economy does not help in this struggle.

The alleged savings that the Federal Government may realize in the closing of the Raritan Arsenal will multiply the costs to the Federal Government in other directions—the dislocation of people, the unemployment that will result, the enervation of the economy in Middlesex County—all of this will destroy any flimsy savings that may be realized in the closing.

Again I want to repeat that in a military economy the closing of a military installation can have broad repercussions.

The phasing out of the Raritan Arsenal will take several years. By a slow process a constant drain will be made upon the economy of Middlesex County in that time.

In the meantime we are faced with over 6 percent of our people being unemployed.

We are faced with the Mack Motors in Plainfield closing down and throwing another 600 people out of work in our county.

At this very moment I have received word that a plant in Highland Park is closing and laying off 200 people.

We are faced with the fact that in Carteret the U.S. Metals has laid off close to 200 people; and unless the Commerce Department takes drastic action in the licensing procedure for the exportation of scrap metals, a thousand people may be laid off in the U.S. Metals, Raritan Copper Works, and the A.S. & R.

Senator CASE. May I interrupt to say that representatives of both the employers and employees in this company have been to Washington to see Senator Williams and Congressman Frelinghuysen and myself, and we are very much aware of this and we are doing everything we can to help with that particular situation.

Mr. OTLOWSKI. Senator, this again just shows the terrible economic plight that we are faced with here and again it shows that the proper consideration wasn't given to the arsenal.

We are faced with the fact that one of the large cable corporations in our county, which employed over 3,000 people several years ago, presently employs about 500 people.

When the Defense Department tells us that the acreage at the Raritan Arsenal will be placed upon the tax rolls of a local municipality, this becomes an ironic substitute for the employment of 2,600 people and expenditures of \$20 million annually by the installation.

A small amount of local taxes will not bring \$20 million back into the lifestream of the economy of the county and it will not bring back 2,600 jobs with all of the economic growth that this many jobs mean to an area.

Any amount of money for local taxes will be small by comparison and it will be used for a restrictive purpose by a municipal treasury that will be limited to the fiscal needs of that community.

The Defense Department comments that this acreage will eventually be picked up for private industrial purposes. Eventually is not now. Our troubles are at the present. We are in trouble now. The economy of the county should not have its blood siphoned at this point in our struggle.

Where are these employers and plants coming from?

For the longest time now Middlesex County has employed a full-time industrial commissioner who is supposed to induce industries into the county.

Communities like Woodbridge, Madison Township, Edison, Carteret, Sayreville, South Plainfield, have industrial commissions whose purpose it is to induce industries to come into our communities.

Vast acreage is available and has been available in these communities. Right across the river from the Raritan Arsenal there is vast acreage available for industry.

All along the river from the Raritan Arsenal up, on both sides of its banks, are large tracts of land available.

Many of these communities depend upon getting industry to come in to relieve some of the burdens of taxes on the homeowners.

Signs are erected all along our highways asking industries to come in. Delegations of economic ambassadors are sent throughout the length and breadth of the land asking industries to come into the county.

Yet this vast acreage remains idle.

Now we add another 3,600 acres to this vast acreage that already is available for industrial purposes.

A short time ago the city of Perth Amboy made great efforts to induce industry to occupy 300 acres in Perth Amboy that were once occupied by a railroad terminal employing 3,000 people in its heyday. With the help of many agencies both public and private, an industry now occupies this tract employing 50 people. How can an industry occupy the acreage of the Raritan Arsenal, giving 2,600 people employment and providing \$20 million to the economy of the county in the light of these experiences?

We have to be realistic about the possibilities of the absorption of this acreage and the employment that it will provide for our people.

Dreaming is a wonderful thing if it has the possibility of materializing into a reality.

With all of this acreage available for industrial purposes at the present time in Middlesex County crying for users, the dream of the arsenal acreage providing immediate employment for people is a bad dream, indeed.

We have to face the fact that under the present economy of the country, it is necessary for both husband and wife to work to provide a decent standard of living. Many of the people who are employed in the Raritan Arsenal have wives working in local industries. The transfer of the husband to another part of the country means that the spouse loses her employment, interfering with the education of their children, who in many instances, are going to neighboring colleges.

The Defense Department is moving families from an industrial area that is struggling for its life to a rural area that has no need for more people and hasn't the means to provide for their housing and family needs.

Aside from the fact that many of us are convinced that the Raritan Arsenal as an installation has an important part to play in the defense of the Nation with the kind of facilities it has to provide in the metropolitan area, the disruption of the economic life of one of the biggest industrial counties does not add to the military health of the Nation.

A special House committee has recognized the military importance of the Raritan Arsenal to the Nation's defense.

This committee is not concerned with the military aspects of the Raritan Arsenal. It is only concerned with auxiliary economic impact.

These two forces are actually one in the kind of military economy we live in.

The military importance of the Raritan Arsenal is the primary concern of all of us. No one will argue with that.

Economic factors, if not equally important, are important enough to be given consideration, particularly when the economy of the Nation is spurred and dependent on the military.

Every consideration should be given to the Raritan Arsenal to fit it into the present-day military needs of the Nation.

The proposed bill should have been enacted years ago. If it were, we would not be faced with our present plight.

Mr. Chairman, thank you very, very much for permitting us this opportunity to make our views and our situation in Middlesex County known to this committee.

Senator CASE. Thank you very much indeed, Mr. Otlowski. I agree with you that the bill should have been enacted years ago. In fact I would go further than that. It shouldn't have been neces-

sary in the first place, but now it obviously is necessary, and in my opinion if the Government had done what it should have done in the first place, we would not be faced with our present plight either.

I just want to say before you leave the stand that there has been no one in this whole situation who has been more persistent, or more effective in presenting the needs and the effect of this action upon the community which you represent than you have. And I want to thank you personally for that.

Mr. OTLOWSKI. Thank you very much, Senator.

Senator CASE. Is Dr. Chandler here now?

We are happy to have you. Would you give your name and connections to the reporter?

**STATEMENT OF DR. ERIC CHANDLER, EXECUTIVE DIRECTOR,
URBAN LEAGUE, NEW BRUNSWICK, N.J.**

Dr. CHANDLER. My name is Eric Chandler; I am executive director of the New Brunswick Urban League.

As some of you probably know, the urban league is an organization, an interracial organization, with the prime purpose or philosophy of equal opportunity for all minority groups, particularly the non-white groups, and for that reason I have been asked to come here and testify as far as the situation is concerned at Raritan Arsenal.

First of all, I do want to thank the Senator for inviting me here and secondly, we are governed by a board of directors, 30 in number, 15 whites and 15 nonwhites; and I am sorry to say that I have not had an opportunity to pass the bill around to all of them but those who have seen the bill feel highly about it and only said they wished that this had been done before. But after all, most of the time you do not put up a stoplight until after the accidents occur.

The urban league, I don't know if all of you know what it is, but we have about 500 members, approximately 500 members, both white and nonwhite and—

Senator CASE. That is Middlesex County?

Dr. CHANDLER. No, sir; just the Urban League of New Brunswick. We are a united fund agency, the United Fund Agency of New Brunswick, and we cover only the New Brunswick area, so to speak, in support of the united fund, and we find that in this area we have approximately 58,000 people in the work force.

We made a survey in March in connection with the National Urban League. We placed it in 50 cities all over the country and we found that between 4 and 12 percent of the people in this area were unemployed. And, therefore, that does make this a depressed area, and it is on the basis of that that we have drawn the following conclusions:

The New Brunswick Urban League is immensely interested in the program of the Raritan Arsenal. Some of the reasons for its great concern are—incidentally, I should say that this is sort of anticlimatic to Mr. Wilentz' speech. I feel, as someone said, that I am in a little league in comparison to Mr. Wilentz in this particular area.

Raritan Arsenal has led the way in what the urban league considers American democracy, working for equal opportunity in economics, to the extent that they were the first organization in this area to receive the New Brunswick Urban League Human Relations Award,

their way of demonstrating that democracy has been such a workable model that several of the big industrial plants in this area have followed their leadership.

Negroes constitute a large segment of the Raritan Arsenal work force, approximately 25 to 30 percent of the work force. Many of them are now holding either key positions or highly skilled jobs. A large portion of this minority group has been affiliated with the Raritan Arsenal for a very lengthy period of time, anywhere from 10 to 20 years; to have these people uprooted and sent in other environments would create almost an economic and social disaster for them and their families.

I might say this, for instance, going out to Letterkenny which is in the vicinity of Chambersburg, a few years ago, I was traveling through Chambersburg, my wife and I—I don't think I look like a tramp—and stopped at a certain place and asked just to have something to eat, and they said if you go in the kitchen we can give you a handout, and that is the area where you are going to have these people who have been in a friendly area, so to speak, in New Brunswick, move to. I don't believe that people in that area of Chambersburg are quite ready for a population explosion, particularly where it comes to different racial groups.

It is very difficult for organizations such as the Urban League to understand the actual process used by the Federal Government in making certain decisions. The Secretary of Labor, Mr. Goldberg, pointed out just a few weeks ago that New Jersey was one of the depressed areas in the country with a large number of people unemployed.

A recent survey conducted by the five Urban Leagues in New Jersey for the National Urban League, a survey of Negro unemployment in the 50 cities, March 5, 1961, showed that from 4 to 12 percent of the total work force in this metropolitan area are unemployed. With that knowledge before them, the Federal Government is about to make a move that will certainly do more in the way of depressing the area than raising the area to a normal standard of living.

The fourth point, if the area now owned by the Federal Government is too small for storage space of modern weapons, would it not be better to secure more land in the vicinity and therefore enlarge the operations?

The fifth point, many of these people are in the position of buying homes and would be heartbroken to have to give them up and start life anew.

The arsenal has been one of the vital organs in the economic and social development of the Raritan Valley.

The sixth point, the closing of the Raritan Arsenal will have a serious ill effect on the business and economic life of several communities stretching from Metropolitan New York to Camden, N.J.

This is the award we gave the arsenal several years ago for their outstanding work.

Senator CASE. If we may, we will have this included in the record and then returned to you.

Dr. CHANDLER. All right.

(Raritan award from the New Brunswick Urban League follows:)

NEW BRUNSWICK URBAN LEAGUE AWARD FOR HUMAN RELATIONS TO
RARITAN ARSENAL

(Given at New Brunswick, N.J., on the 16th day of January 1957, on the occasion of the annual membership meeting.)

The result of one's labor in the field of human relations is often hard to gage. However, the conscientious and energetic action on your part to bring about the improvement of interracial cooperation and acceptance which is the Urban League's goal, has been truly significant. We deem it our honor to recognize your work as having been most outstanding in this field during the year 1956 in the New Brunswick United Fund area.

MAURICE AARON,
Chairman of Awards Committee.
SAMUEL M. ADLER,
President.

Senator CASE. You had a second part to your statement did you not, Doctor?

Dr. CHANDLER. No, I think that covers it.

Senator CASE. You refer to the recent survey, made by the five Urban Leagues in New Jersey for the National Urban League, of 50 cities in the country. I wonder if you could tell us the cities in New Jersey that were covered by that?

Dr. CHANDLER. Yes. Newark, Elizabeth, New Brunswick, Englewood, and Morristown.

Senator CASE. And was it that survey of those New Jersey cities that show a variation of between 4 percent in some cases and 12 in others of unemployment?

Dr. CHANDLER. That is right.

Senator CASE. Could you give us a summary of that survey for the record later so it could be included here?

Dr. CHANDLER. I am not sure but that summary might be attached to the end there. I don't know how that got——

Senator CASE. Off the record.

(Discussion off the record.)

Senator CASE. On the record.

I would like to have the New Brunswick part attached as a part of Dr. Chandler's statement included in the record, the supplementary statement about the New Brunswick area, which is entitled, "The New Brunswick Area Looks at Unemployment." If you will be good enough, we will put a summary of your survey for the national league survey of the five New Jersey cities.

Dr. CHANDLER. I see.

(Documents referred to above follow:)

THE NEW BRUNSWICK AREA LOOKS AT UNEMPLOYMENT

The New Brunswick area has joined other major industrial centers suffering above average unemployment. The total work force of the area is approximately 58,000. This locality has close to 5 percent of workers idle. This is nearly 2 percent higher than average. During the last week of January, the local office of the State division of employment service reported that 173 workers had exhausted their benefits. Unemployment is reflecting itself in a rise of welfare cases handled by the New Brunswick Welfare Department. The bleak situation at present, for the most part, is blamed on the cold weather cutting down jobs in construction. The Middlesex County's December figures for all types of building permits was 204, the same as December 1959. But value of all the work approved this past December was \$4,079,352 while in December 1959, the value was only \$1,565,591.

The number of Negroes in the total work force in our United Fund area is approximately 8,400. This represents about 15 percent of the total work force. There is a great possibility that over 325 are unemployed at the present time. A perusal of the league's files, figures obtained from the local welfare department, and guess numbers ventured by several personnel directors of industrial plants of the area permit a conclusion of this type to be made. In a great many instances, it has been revealed that those who have exhausted their benefits first are the older, less skilled, and lower paid workers. The chamber of commerce reported that 41 percent of the industrial plants expect to be at full strength in a few weeks, while 20 percent still expect future layoffs. Therefore, 39 percent are operating under normal conditions.

Such companies as Johnson & Johnson with a total work force of about 1,500 and somewhat over 100 Negroes reported only 4 people unemployed; Ford and Mercury with a total work force of 2,588 and close to 24 percent Negroes reported 98 unemployed, with a possible 5 or 6 Negroes unemployed; E. R. Squibb & Son with a total work force of over 2,100 of which over 25 percent are Negroes report that 100 females are unemployed but will be recalled in a short time. A small percent of Negroes are unemployed at this plant; Union Carbide with a total working force of 2,788 (about 22 percent are Negroes) report a lay-off total of 190 or 6.8 percent; companies like Westinghouse, Revlon, Symphonic Electronic Corp. are abnormally slow at this time. These companies employ anywhere from 18 to 25 percent Negroes. Sorbo Cast, with about 50 percent Negroes reports full employment with unskilled workers making \$100 or more per week.

The New Jersey areas included in the urban league survey, referred to in the testimony of Dr. Eric Chandler, are eastern Union County, N.J.; Essex County, N.J.; Morris County, N.J.; and New Brunswick, N.J.

Mr. LEVIN. I would like to point out to Dr. Chandler, and to the others present, that some of the other base closings announced by the Department of Defense in March, have had similar effects, including the effects he mentions upon the colored people, particularly the Benecia Arsenal in California, where they are moving the people to the secondary place of Tooele, Idaho. This is something that has been pointed out to the Department of Defense and which is something I imagine they were not aware of prior to this, and it is one of the things that this bill would probably make known to them.

Dr. CHANDLER. I understand that Dr. Granger of the National Urban League has also had a talk with the higher echelon on this matter, and I don't think—not just the Raritan Arsenal but the general picture, and he and Julius Thomas—Mr. Thomas of the Labor Relations Group of the National Urban League—had conferences there, but it hasn't seemed to jell anything to the present time.

Senator CASE. I am very grateful to you, and the subcommittee, all of us, will be for this particular facet of the problem and your presentation of it. It is something certainly not now considered at all by the Defense Department or any agency of Government, and before a decision is made we hope it will be.

Thank you very much.

The next on my list is Mr. Fred Bedman of the Employee-Community Association for Raritan Arsenal, Inc.

STATEMENT OF W. FRED BEDMAN, CHAIRMAN, EMPLOYEE-COMMUNITY ASSOCIATION FOR RARITAN ARSENAL, INC., NIXON, N.J.

Mr. BEDMAN. Senator Case, I would like to start by saying that I do not have a prepared statement and this was deliberate. We thought it better that I might comment on some of the things that have been said to clarify a cloudy point we might say and give you

some statistics on the first relocation of our first mission assignment at Raritan.

I first of all would like to say for the employees that we appreciate the opportunity and of course the efforts of all of our elected and appointed officials on our behalf.

Our main purpose of our employee group was to stress the military need of Raritan Arsenal. In every point that we have presented we have been shot down. And I guess we are no further ahead today than we were on the 5th of April. The economic side of the picture, both for our employees as well as the effect on the communities and county, we have also treated as secondary. The purpose being, we were not looking for retention for purposes of charity. But of course to ignore the economic side of this thing would put us in a peculiar position with the people of the local communities and the county as well as some of our employees who have some real problems.

One point I would like to make at this time and in response to Mr. Levin's question, I don't recall who it was to, sir, but you raised the point about the promise of employment that the Defense Department has made to our people.

Mr. LEVIN. That is correct, sir.

Mr. BEDMAN. May I say this: There is a promise of employment and a mandatory one within the field service defense division activities of the Ordnance Corps. This does not apply to the other branches of Ordnance, that is, industrial, service research and development and that sort of thing, nor does it apply to the Army, Navy, Air Force, or to the Defense Department or Defense Establishment as a whole. The Ordnance Corps Technical Instruction that is out on this matter, does make it mandatory for another depot or another national mission activity within the field service division activity, to consider our people or to consider the people from other field service activities closing before they can go out and recruit or promote from within, but Pickatinney Arsenal, for example, is not a field service activity, it is an activity that falls under the industrial service. They also have a research and development function. They are advertising at Raritan Arsenal for people. However, our people file what we term form 57's which give their background and qualification record. They are thrown into a hopper along with all others or anyone else filing for the job and of course they have—the management of Pickatinney Arsenal has the right to accept that person as necessary, not necessarily from a closing installation. So I hope this clarifies the question that you raised, sir.

Mr. LEVIN. Can I interrupt you right there?

If there are no jobs available, or an insufficient number, is this ordinance set up for people who have been already displaced by the phaseout of Raritan, have the people from Defense given you any indication that your workers would have a higher listing or a preference listing for any other Government jobs in the area, any other Federal Government jobs in the area?

Mr. BEDMAN. Well, at least not at this very minute.

I might give you some statistics now on our first mission transfer.

What we term our stock control or supply mission that we had in support of Europe, our stock control functions, purely a paper type of operation, employed 169 people and we had another 80 people, about 80 people in support areas. It comes to a total of 269 people.

As of Monday morning, yesterday, the 2d of October, which was the effective date of transfer, there were 37 people out of 249 that exercised their right of transfer of function rights, and as we understand, they reported to Letterkenny for employment. They were offered jobs and accepted them.

We have 13 others pending. Their transfer dates to Letterkenny Ordnance Depot range up to about the 3d of January 1962. So if this goes as planned, at least right at the moment, of 249 people, 50 will have exercised that right of transfer. This, then, leaves 199 people that are unaccounted for.

And I might say trying to keep track of these figures is pretty difficult because it changes every day. But 58 of that 199, they have left Government service, either into private industry in this area, they have gone on forced retirement—they had enough years and age to claim retirement. We have had some other transfers out of the area. Some went to Tully Ordnance Depot, but there are 141 people at this very minute that for their own reasons I presume have not exercised their transfer function rights.

These 141 people have not yet been placed upon the economy of the county; they are being reemployed at Raritan Arsenal in a temporary position, some for a short space of 60 days, some might be for a little longer. But by reemployment in this manner they lose all of their retirement points. This time does not go toward retirement, they do not contribute toward their retirement from their pay.

We can provide jobs at this very minute for these 141, because of the increased workload that we have absorbed as a part of the phase-down. Of course our people are accepting these temporary appointments and of course we hope they will be able to find something for themselves between now and the day that they have been provided, either December 1 or January 1.

To go back to your point, sir, there are 141 people who do not exercise their transfer of function rights.

Right at this time we don't know what is going to be done for those people in the way of placement within the Federal service. I would assume that job announcements that are distributed on the post indicating job vacancies, at not only ordnance installations but all Federal installations within the immediate area, these people have a right to file for them, but to my knowledge they are not put on any priority list for placement; they are considered along with anyone else who files.

We toyed with getting a list of people to say a few words with relation to their own personal problems. Some of our people feel as though we are twinging the heartstrings too much, sir, but we do have some pitiful cases. We have many cases where because of progress and highway development people have lost their homes through this highway program only to find out that now that they have relocated elsewhere in the immediate area, that they, of course, are going to have to relocate because of closing of Raritan Arsenal.

To comment, sir, on the area itself and the manner in which this can be developed for industrial purposes or for housing or whatever, we have some pretty horrible examples in this immediate area of where this federally owned property has been declared and hasn't necessarily stimulated the interests of industry to come in here and

provide thousands and thousands of jobs for our people. A case in point, and a sorrowful one, I might say, is the Carteret Subdepot.

Carteret Subdepot of Raritan Arsenal was deactivated in 1958, and I might add, the proposed deactivation of Carteret came from Raritan Arsenal. We wanted to consolidate within the Raritan Arsenal itself and perform our functions within the confines of our fence without our Carteret Subdepot 9 miles away. This was action taken on the part of the management of Raritan Arsenal, and it was processed throughout the Ordnance Corps and concurred in. These 3,500 acres of ground were sold in 1958, I believe, 1958 or 1959; at the peak of employment when it was federally owned. We had about 780 people working there. To my knowledge, today it is a sporting car outfit that is not—we are told that they employ about 30 people. And this vast acreage—and it's got buildings, it's got utilities, it's near major highways, it's near water, near railroads, it has its own network of railroad system—this has not encouraged or this has not boomed itself in accordance with its industrial capabilities.

Now we don't know why, I wouldn't profess to guess, but I am afraid that as a result of the announced closing of Raritan, some of our people in the area expressed opinions that they could see vast possibilities for the use of this property and it would create thousands and thousands of jobs. If Raritan Arsenal closed I sure hope this is so. But there is some examples in this area and if history has any bearing on the case, it will be quite some time before this takes place.

A good thing will be to see what occurs with the 184 acres that is now being advertised, or I presume it will be advertised very shortly.

I just would like to close, sir; by saying that our employee group fully supports your bill, S. 1892. We have no false hopes if this becomes enacted that it will do our particular case any value, but if it does, we understand there are supposedly some more closings in the future to take place that it might do someone else some good. That is all I have, sir.

Senator CASE. Thank you very much, Mr. Bedman.

I would like to say at this time, that from the beginning of this matter—and I know that all my colleagues would agree with this fully—there has been no one who has been more helpful, no one who has been more diligent, no one who has been less inclined to rant and rave but to be clear and factual, no one whose statements could be relied on more completely than yours.

The job that you have done for your association and its members, I think, has been an outstanding one. The fact that in some cases you may feel that you are guilty of understatement has not made it less effective. I personally am most grateful to you, and I know that everyone that you represent owes you a very great debt in this matter.

There is one question that I would like to get a comment from you upon.

You heard, I think, the testimony of the last witness, Dr. Chandler, from the Urban League, with respect to the particular impact of the closing of such an installation as this upon Negro employees. Is what Dr. Chandler said borne out by your own observations?

Mr. BEDMAN. Yes, sir. I might say that I have 21 years of Federal service, all at Raritan Arsenal. I know many of our colored people, I have seen them progress, we have a number of them that are in the middle management—upper management level. It certainly would

be a crime, sir, for these people to have to take a serious setback, again going back to a transfer-of-mission rating. Depending upon where that is, as we all know, it lends many problems to them personally. I might add one thing, Senator Case, and again I would like to include this for the record. There are 2,600 people that were at Raritan Arsenal on the 30th of March, the date the decision was announced. They break down into 1,500 Classification Act employees or white-collared salaried employees, and 1,100 wage-board or blue-collar workers.

Mr. Jacobson, I believe, mentioned this.

We ran a comparison of the pay rates for our blue-collared arsenal workers and Chambersburg, Pa.—that labor market. There is a minimum of 57 cents per hour difference for the same job in the same grade. This variance will go as high as 93 cents an hour when you get into the supervisory elements, certain supervisor wage-board-type jobs. As opposed to this, you have 1,500 white-collared workers whose salaries are controlled by law and, of course, regardless of where they go, provided they go in the same grade, they draw the same rate of pay.

So to measure economically what this effect will be, it's difficult—of course, not being qualified to say what the plight of our blue-collared worker will be, assuming that the bulk of them will have transfer rights to Chambersburg, Pa.

It is just something that I just can't see our having—knowing most of these people, I don't see how they would be able to transfer with the responsibilities they have and it is very difficult for them to decide, and I don't see how they will be able to really move out of the area.

Senator CASE. Thank you. I am very glad you brought that point out. It is one we have emphasized again and again with the Defense Department, as you know, and our supporting information has been extremely helpful in that connection, as well as in every other connection.

Thank you very much.

Is Mr. Bunker here?

(No response.)

Senator CASE. The subcommittee is going to have an afternoon session, particularly to hear people from the Lakehurst area, and Mr. Snow is going to wait until then so that testimony from that area might be given all at that time.

Before we adjourned for the noon period, is there anyone who would like to say anything for the record at this time?

Mr. CHIERA. Yes, sir.

Senator CASE. Give your name and your association.

STATEMENT OF DOMINIC CHIERA, AN EMPLOYEE OF RARITAN ARSENAL

Mr. CHIERA. My name is Dominic Chiera. I am an employee of Raritan Arsenal. I have been employed by the Ordnance Corps for 20 years, both in the military and as a civilian.

I feel that the record should not only consider the economic impact of the closing on the area, throughout the municipality, the county, and the State, but should also consider the economic impact on the individuals, who, after all comprise the community.

Over these 20 years I started out in Government service as a clerk-typist and have worked my way up through the ranks, to a pretty good position today. And of course as my progress in Government service and my salary increased, my standard of living increased so that today I am living on a salary which I am now making. I am spending every cent of it but it always goes back into the economy; I am keeping none of it.

Along with my salary, there are certain security provisions made, such as my health benefits. We have Blue Cross at Raritan Arsenal with Government contributions. I am sure of one thing, that in the event the Arsenal does close down, I doubt very much I will move. If I do not move, I most likely will have to give up this Blue Cross benefit as I probably will not be able to afford it. This certainly has some impact on my family as they don't have the protection they deserve.

I doubt very much that I will become a welfare case as I don't think my ability and my drive will allow me to do this, but there is a potential that my health problems will be the problems of Perth Amboy where I live.

I also have life insurance. A few years ago I decided to buy a house and I cashed in my life insurance to use that as a downpayment. So I sold this life insurance only on the basis that I now had Government group insurance which provides me roughly \$10,000 coverage, or my family \$2,000 in coverage in the event I die, and this is as good insurance as I was carrying on the outside, and I was happy with it. But I made this move on the basis that I had a job at Raritan Arsenal for many years to come. I foresaw my retirement at Raritan Arsenal.

In the event I decide to leave Government service if the Arsenal does close, there is no doubt but that I will not be able to afford comparable insurance on the outside. So there again my family would be left unprotected. If I did obtain insurance it would be of a lesser amount.

Another benefit that we as employees have is retirement funds. We have retirement plans that do provide a fairly good retirement, I believe personally, better than social security. This plan is not totally Government paid for. I contribute 6½ percent of my salary to this fund. In the event I decide to quit Government service if the Arsenal does close, I have the option of leaving my portion of the retirement in the fund and at 62 years I can draw some benefit or I can exercise the option of the removing of my contribution to the fund and use it either to maintain my current expenses, maybe take a gamble and go into business of some sort, but I could withdraw my money and use it up. But whichever option I exercised, it would be to the detriment of my family I am sure.

The fourth object of consideration is the fact that I have bought a home under the veteran—VA loan type of thing. I bought my home at the time the interest rates were 4½ percent, so I am paying off my 30-year mortgage at a 4½-percent rate. In the event at the last minute when I get down to the wire I decide I am going to move, then I would have no choice other than to sell my home. I am sure I would want to buy another in whichever area I go or move to. I would be faced with two costly elements; one, the cost of building today probably is higher than it was 5 years ago when my home was

put up, and two, the 4½ rate on veteran's mortgages is nonexistent. It is 5-plus percent today, as well as in many areas such as the Chambersburg area, the veterans mortgages are either not available or darn hard to get. So I probably would be forced into a conventional type of mortgage where it would be 6 or more percent per year.

I just wanted to bring out these particular elements. There are many more that could cause a hardship on not only the financial end, but taking away from families and so forth. But I feel these are four economic elements that should be considered. They are economic impact as an individual. I am sure that your testimony will deal primarily with the economic impact on the community, but individuals should be considered.

Thank you so much.

Senator CASE. Thank you very much, indeed.

Mr. LEVIN. May I ask if you have been told to date when your particular position at Raritan will be phased out?

Mr. CHIERA. There is an OCT I Ordnance Corps technical instruction out, which schedules the closing out of all of the Raritan activity. The closing of my particular department is scheduled for October 31, 1962, and I feel no job offer will be made to me until somewhat close to that time, probably June or July of next year.

Mr. LEVIN. Without compromising your position, have you done any investigation of other positions in the area that you may be able to fill?

Mr. CHIERA. I have made informal inquiries to places close by, such as Fort Monmouth and Fort Dix, but they don't have comparable positions that are vacant. They have an organizational structure which would allow the filing of my type of position to come from within, a deputy moving up, and so forth, and since these organizations are not forced to accept me as a displaced person, only accept me as an equal to anyone else, they have no option to take me on, so it is not fruitful. It is a dead end.

Mr. LEVIN. Thank you.

Senator CASE. Thank you very much.

At this point I think it would be well for the record to make this comment: that the bill would require not only that the effect, or economic effect, on the areas concerned or the Government in the area, but also the overall impact to all the Government agencies, wherever that impact might be felt, including such agencies as FHA, in regard to its financing programs for homes, small business, and all the rest of it, all the Government agencies throughout the Nation, as well as the impact on private industry throughout the country as a whole, would be taken into account if the bill should become law.

Is there anyone else who would like to make a statement?

STATEMENT OF RICHARD DEMPSEY, AN EMPLOYEE AT RARITAN ARSENAL

Mr. DEMPSEY. My name is Richard Dempsey and I am from the Raritan Arsenal. I have also been employed there for 21 years.

As Mr. Chiera brought up his point, I might as well put in a couple points I have of my own.

First of all, I have a son who is 19 years of age, and he went through the motion of obtaining a State scholarship in the State of New Jersey;

and this pays him \$400 a year toward his tuition at St. Peter's College.

Now I assume that I will have reemployment rights at another installation in some other part of the country. However, I have found out in the meantime that if I should transfer—as his guardian—to another State, he will lose his State scholarship, and if I leave him behind and let him live with a relative, an aunt or an uncle or something of that sort, he will also lose his State scholarship.

Now this is a further extenuating circumstance. In other words, if I was forced to leave myself and to uproot my family and so on, this is one thing, but this carries further, and since I have six children, it would be quite impossible for me to sustain him in college. So this is a further extension of the economics on the individual.

And my son therefore may be deprived of his education in college.

There is one other point that I would like to mention, that I am a disabled veteran of World War II, and I am a little skeptical about the area that I might go to and I might add that as of now we don't know where we might wind up, but I am required to attend or see the doctors in the VA at least once every 2 months and have an X-ray once a year.

Now if the area in which they offer me a position is not within a traveling radius of the Veterans' Administration facilities, since I am still required to go for treatment, it may force me to use extended sick leave, maybe 1 or 2 days or whatever the traveling time is that is involved. So I just mention these things since Mr. Chiera brought up these points. These are just a couple of other things which will have a bearing on the individual.

Now the points that Mr. Levin brought up as to whether Mr. Chiera has contacted any other facility. I might say in this connection that I have been trying to transfer to Picatinny Arsenal, which has been mentioned as an industrial installation, for the past year and this goes back prior to the time that Raritan was going to close. And I have tried many, many angles and this has been going on, I would say, for 13 months. And, as of today, I haven't been able to get a bite at all at Picatinny, in spite of the fact that my home is only 12 miles from Picatinny, whereas I have been coming to Raritan Arsenal for the last 21 years, which is a distance of 30 miles each way.

That is all.

Senator CASE. We are very glad to have that. It does help to complete the picture and make the record much more useful when we come to consider the bill.

Thank you.

Is there anyone else who would like to say anything for the record before we recess for the noon period?

(No response.)

Senator CASE. If not, the committee stands recessed until 2 o'clock.

(Whereupon, at 11:30 a.m., the committee recessed, to reconvene at 2 p.m., this day.)

AFTERNOON SESSION

Senator CASE. The hearing will come to order.

Our first witness is Mr. William Hering of Ocean County, assemblyman from that good county, and we are very happy to have you here. We know of your interest in the problem in the particular area and the

problem as it affects the State as a whole, and I can think of no one more competent to present the position of the people of that area than their fine assemblyman, and we are glad to have you. Would you proceed in your own way.

**STATEMENT OF WILLIAM HIERING, ASSEMBLYMAN FROM
OCEAN COUNTY, N.J.**

Mr. HIERING. Thank you, Senator.

I first would like to thank you for giving me the opportunity of coming here today and presenting my statement.

I would like to go into the background of the problem at the naval air station at Lakehurst, go through the action that was taken by the Navy Department, and show where we now stand in Ocean County as a result of this action, and I think we can tie this indirectly with these bills which you currently have under consideration.

I think it will be quite obvious that after this information which I am going to submit, and other people from the naval air station, that had these bills been law this past year, the blunder which—what I consider a blunder that took place at the naval air station, would not have happened.

Now as background, the naval air station has been in operation at Lakehurst for over 40 years with a long tradition of skilled craftsmanship to support our fleet. Its industrial and operational facilities are among the most modern in the Navy. It has conducted a very active lighter-than-air program and overhaul and repair development as well as numerous other functions.

The plant value of the air station, including the initial costs of the real estate, which was over 7,300 acres, and construction costs of approximately 300 buildings, is well in excess of \$50 million. There are approximately 1,500 civilians employed at the base, most of whom are skilled and high-paid employees.

The average employee at the base has been in Federal service for an average of 12.3 years. And in the respective skilled trades an average of 14.4 years per man.

Actually the air station is Ocean County's largest industry, in that it employs over 50 percent of our industrial workers. And actually over the years the air station has been the backbone of our industrial employment.

Now, in March of 1961, the Secretary of the Navy advised that the Navy's budget, which was recently submitted to Congress, did not include sufficient funds to carry on the lighter-than-air program at Lakehurst, and also advised that the overhaul and repair development of the station would be disestablished. I might state that the overhaul and repair development actually is the most important department at the air station and employs approximately 431 people.

Actually, although the Navy reported that the civilian personnel requirements would be reduced by 489 civilian employees and would require the transfer of 625 naval personnel, a detailed study indicates that actually this action will displace about 600 civilian employees and about 800 military personnel, one of the reasons being that the deactivation of the overhaul and repair development will have an effect on the rest of the station in supply and so forth, and other employees will be in time let out.

Now as to the effect on our economy in Ocean County, this curtailment will be a drastic economic blow to us. Currently and at the time this decision was made, the rate of unemployment in Ocean County was in excess of 12 percent. We only have two industrial plants in Ocean County, the air station which employs about 1,500, and the chemical company which employs approximately a thousand workers, so it is readily evident that if 600 industrial workers lose their jobs at Lakehurst, that a large percentage of our industrial workers will have to relocate or move from Ocean County. In addition to this, the reduction of the military force which this curtailment also effects, will mean we will lose approximately 800 naval personnel. This also will have a detrimental effect on our economy.

A recent survey indicated that when these military personnel move that approximately 275 homes will be put on the market immediately. In other words, 275 of these military personnel actually own their homes in Ocean County.

Now to get some idea of the drastic effect that this change has upon a small county where the number of industrial jobs is limited, we have had a study prepared by the Economic Research Department of the U.S. Chamber of Commerce, which shows in detail what new industrial jobs mean to a community, and we have figures based on 100 new factory workers. Now these figures that were put out by the chamber of commerce are a study of what an addition of 100 workers will mean to a community. Here where we have the industrial worker being taken out it will have another opposite, reverse effect, and basing my figures just on the overhaul and repair development where 431 men will lose their jobs, we find that the personal income in the area will be reduced by \$2,543,900.

Bank deposits will be reduced by \$1,164,000; retail sales will be reduced by \$1,552,000.

In addition to that, we will lose 484 house holdings, we will lose 461 passenger cars, we will lose 750 other workers employed other than the 431 who will lose their job at Lakehurst, and will lose 17 retail establishments.

Now that is a very conservative estimate but that type of blow in the county of Ocean is a very severe one and the decision of the Secretary of the Navy did not take into consideration these factors, and the drastic effect that they would have on our economy.

I feel that the decision was ill considered, it was made without any study of the economic factors in the area, and if, as I said before, this bill had been put into effect and if these studies had been made, I feel that the action which was taken by the Navy Department would not have been taken.

It appears to me that the Pentagon must realize that they cannot make decisions based only on their economics and only on the military factors alone; it well may be that this move at Lakehurst may, for example, save the Navy a million dollars a year, and make it more efficient by transferring these functions elsewhere, but if the Navy saved a million dollars a year, and our economy suffered by \$5 million a year in that particular area, it is a net loss to the people of our country of \$4 million. So I feel that these decisions, particularly where we have chronic unemployment, should never be made based on military factors alone. If there was a national emergency and we were going to war, then perhaps we would have these dislocations

and these movements without consideration of economic factors in the area, but under the present circumstances, I don't think that it should have been done and I just want to point out another thing, that while the overhaul and repair development at the naval air station is being deactivated, the overhaul and repair development in Pensacola, Fla., is so rushed with work that they can't handle it, recently having to go to a 10-hour day and 6-day week.

The facilities at the Naval Air Station at Lakehurst are excellent, and I feel that in the not too distant future the Navy Department or perhaps the Army or Defense Department will be in the position of having to come back into this particular station to use it for practically the same purpose that they abandoned it. But these things should not be done hastily, they need a lot of study, and in the long run the saving of a certain amount of money by economies in the military service in one station or another, can cost we American people a lot of money.

So, Mr. Chairman, we in Ocean County certainly would like to respectfully request that this committee do all in its power—and I know it will—to have this very constructive legislation enacted.

Thank you, sir.

Senator CASE. Thank you very much, Mr. Hierarchy.

I would like to say for myself, and I know I speak for my colleague, Senator Williams, and your Congressman James Auchincloss, that you have been in the forefront of those who have been enormously helpful to us in presenting this situation to the Defense Department, and the Navy, and that your interest and your initiative and your persistence marks you in this, as in all other matters, as I know, a very fine representative of your particular jurisdiction.

Do you have any questions?

Mr. LEVIN. Could you tell me where the facilities or the jobs are being moved to, what other bases?

Mr. HIERING. I think Mr. Snow, who will testify here, will give you exact percentages of where these people are going, but it appears that very few are being reemployed in our own area.

Mr. LEVIN. I am interested in the job positions, where are the job positions being transferred to, what other naval bases?

Mr. HIERING. Well, Mr. Snow can better answer that. Most of them I would say from the statistics I have seen are moving out of the State of New Jersey and certainly out of Ocean County. I think Mr. Snow can bring you right up to date on that. He has a lot of statistics.

Senator CASE. Thank you very much.

Our next witness will be Mr. Raymond Snow of Lakehurst Naval Air Station Development Association.

STATEMENT OF RAYMOND M. SNOW, PRESIDENT, LAKEHURST NAVAL AIR STATION DEVELOPMENT ASSOCIATION

Mr. SNOW. Senator Case, and gentlemen. Would you care to have me answer your question before going into my testimony?

Mr. LEVIN. It would be helpful.

Mr. SNOW. I think I have figures here I could give you on this particular subject. We ran an analysis over the weekend on the situation of the personnel at the present time or—

Senator CASE. Excuse me. I think it probably is in the record already, but you should be identified as president of the Lakehurst Naval Development Association.

Mr. SNOW. That is right, I am representing the association.

At the present either at this time or subject to reduction in force and relocated or subject to reduction in force by November 30, there have been 58 percent reemployed in New Jersey, or 13 percent of the persons involved. Ninety-nine reemployed outside the State of New Jersey or 22 percent; 93 currently unemployed or 20 percent, and 207 in which the employment status is not yet determined, or 45 percent.

As you can see, 13 percent is the very small number that have been successfully reemployed within the State and assumedly subject to staying in their own community.

Anything else?

Mr. LEVIN. That is all.

The Lakehurst Naval Air Station Development Association appreciates this opportunity to appear in connection with the hearings being held relative to the Senate bills directing studies of the economic effect of deactivating permanent military installations or major units thereof.

The development association is a civilian employee organization with membership of almost all of the over 1,450 civilian employees of the Naval Air Station, Lakehurst, and its tenant commands, the naval air test facility (SI), the naval air technical training unit, and the Naval Air Reserve training unit. The purpose of the development association is to work with the local Navy commands and the Navy Department to promote the welfare of the civilian employees and the optimum utilization of the Government facilities.

The decrease in number of civilian personnel of the industrial segment of the naval air station, the overhaul and repair department, from 865 persons in 1954 to 440 persons in 1961, was the continuing concern of the development association, since these highly skilled career employees had been the backbone of the Ocean County economy since the establishment of the naval air station 40 years ago.

The overhaul and repair department is one of eight such departments in the continental United States operated by the Navy Department to perform overhaul aircraft maintenance of naval aircraft and components and rework of other aeronautical material. A more detailed description of these activities and their work is provided in a copy of the brochure issued by the National Council of Naval Air Station Employee Organizations, which I will turn over to you.

The development association and the military management at Lakehurst observed the diminishing workload in the overhaul and repair department and its supporting departments due to progressive cutbacks in the lighter-than-air operating program. Reprogramming with other available naval air workload was sought but was not forthcoming.

When on the basis on information available last spring, it became evident that the airship program would be discontinued, the development association, with the cooperation of other interested citizens and organizations of Ocean County, prepared a brochure, describing the capabilities and potential of the overhaul and repair department and the composite station facilities and proposing specific new work programs. The purpose of the brochure was, as stated therein, "to

bring before the public, the Navy Department, the Department of Defense, the Congress, and the President, information concerning the Lakehurst military and industrial complex which will insure that any decision concerning the future of NAS, Lakehurst is just and based on consideration of all significant facts."

A presentation of the information contained in the brochure was made to Assistant Secretary of the Navy, Kenneth E. BeLieu, and our congressional delegation on April 12, 1961. Secretary BeLieu subsequently stated that "The proposals—offered—are being carefully and objectively analyzed by the Chief of the Bureau of Naval Weapons."

No information concerning this analysis was forthcoming from the Navy Department at the time of release by their information service on June 26, 1961, of the news that—

The Navy's lighter-than-air program * * * will be terminated by November 30, 1961 * * *. Included in the termination plan is the inactivation of NAS, Lakehurst's Overhaul and Repair Department.

The New Jersey congressional delegation has subsequently individually advised the Secretary of the Navy and the Secretary of Defense in their opinion the alternative program proposals for continuing the operation of the overhaul and repair department have not received full and objective consideration and that the reduction in force of civilian personnel now underway has been implemented without full consideration of the economic effects of the action either within the Department of Defense or on the Government in general.

It is our purpose today to present information which will show that the closing of the overhaul and repair department will produce neither immediate nor long-range savings in money to the Navy Department and the Department of Defense. We will present information concerning the losses incurred by other departments of the Government, State and local government units, and private interests. We will also present information concerning the cost of establishing replacement services at NAS, Lakehurst, relocating work and personnel to other activities, and reactivating the overhaul and repair department.

It has been repeatedly stated by spokesmen for the Navy Department and the Department of Defense that the industrial facility at Lakehurst was being inactivated because of termination of the lighter-than-air program. These same spokesmen have further stated that since the lighter-than-air workload was the "major program" of the overhaul and repair department, no other work could be scheduled for the Lakehurst facility when the lighter-than-air program had been terminated.

A review of the records of the Lakehurst Overhaul and Repair Department for the fourth quarter of fiscal year 1961 (the last quarter before termination) shows that, while LTA may have been the "major program" of the O. & R. department, it actually required less than half of the total workload in terms of man-hour expenditures. In fact, when the deactivation announcement was made on June 26, 115,000 man-hours of non-LTA work had been scheduled for the first quarter fiscal year 1962 and a large percentage of the components and supply items for the workload were already at Lakehurst for processing. It is apparent, therefore, that termination of the lighter-than-air program did not require the inactivation of the aircraft

rework facility at Lakehurst. This becomes even more apparent when it is learned that, almost simultaneously with the Lakehurst inactivation announcement, the civilian personnel ceilings—number of employees authorized—for the other 7 overhaul and repair departments were increased by a total of about 440 positions because of "increased workload." Inactivation of O. & R. Lakehurst necessitated not only the rescheduling of the workload to other facilities but, in many cases, reshipment of components and material as well as hiring additional personnel at other locations.

Because of these and other factors, it is estimated that shifting of the non-LTA workload from Lakehurst to other activities will result in an increased rework cost to the Navy Department of one-third more during the first half of fiscal year 1962—July through December. It can be seen, therefore, that, far from a saving to the Navy Department, the immediate result is an increased expenditure to accomplish the same work. No estimate can be made as to the reduced level of fleet readiness inherent in the rescheduling and relocation of aeronautical rework required for fleet support. Any expansion of the time pipeline between removal from operational use and return to operational use must be detrimental to our Defense Establishment.

As every good businessman knows, it is sometimes better to take an immediate loss in order to gain in long-range efficiency with its resultant savings. If the Navy Department had made the decision to inactivate the Lakehurst aeronautical rework facility so as to transfer the workload to facilities with a higher efficiency rating, every good citizen would commend the move. This, however, is not the case. Among the eight O. & R. departments, Lakehurst has been rated fourth or approximately halfway between the highest and the lowest. This does not indicate that any long-range savings can be anticipated by transferring the Lakehurst workload elsewhere. On the contrary, considerable saving to the Navy Department would result from a substantial increase in Lakehurst workload since the personnel complement could be increased to about 1,000 with no added cost for plant capacity and no necessity for premium pay—overtime, shift differential, et cetera—such as several of the other O. & R. departments are experiencing. In other words, man-hour capacity could be doubled with no appreciable increase in overhead.

To summarize, any comprehensive factual study, such as that contemplated by the bill before your committee, would disclose that—

1. No immediate or long-range saving to the Department of Defense has been made or may be reasonably expected to be made by the inactivation of the O. & R. department at the Naval Air Station, Lakehurst.

2. Since the Navy Department has just completed a capital expenditure of approximately \$3 million in plant modernization and additional facilities for the Lakehurst O. & R. department, substantial savings could be made by increased utilization of this plant capacity. The present inactivation merely adds to the existing backlog at other facilities with concomitant penalties in overtime pay, expansion of plant, expansion of in-process time, et cetera.

The loss of some 500 industrial jobs in an area of chronic unemployment ranging from 10 to 15 percent has an undesirable impact on several other agencies of the Federal Government. Our association has neither the funds nor facilities for a comprehensive survey; how-

ever, consultation with many persons in business and community leaders have led to the following estimates:

Department of Defense: Inactivating, transportation of households, lump-sum annual leave payments, etc.....	\$1, 300, 000
Internal Revenue.....	250, 000
FHA and VA (homes).....	500, 000

Proportionally, the heaviest economic impact will be on local government bodies. For instance, last year Ocean County municipalities received a total of \$289,000 in Federal aid under the impacted-area bills. After the completion of the reduction in force at Lakehurst, this will be cut by approximately \$100,000. This is a serious blow to the educational facilities available in small communities. In one Ocean County municipality more than half the students fall under the provisions of the direct Federal aid program.

It is believed that there will be an appreciable decline in local real estate values as well as an increase in delinquent taxes; however, no estimates are available as to the extent of such losses.

The losses incurred by the State of New Jersey, Ocean County, its municipalities, and private interests residing therein, as a result of the closing of the overhaul and repair department, NAS Lakehurst, have been capably presented by State Assemblyman William T. Hering and will not be discussed further at this time.

The overhaul and repair department in its role as a class A naval facility contains the plant facilities and tooling and the skilled artisan and professional personnel required for the rework, repair, and modification of all types of naval aircraft, their components, and support equipment.

In addition to work scheduled and inducted from outside the activity, a large and continuing support requirement is generated by the departments and tenant command of naval air station. In fiscal year 1961, this requirement involved over 1,100 separate work requests, 45 percent supporting departments of the activity, and the remainder the tenant commands, Helicopter Utility Squadrons 2 and 4, naval air test facility (SI), Naval Air Reserve training unit, and naval air technical training unit.

Upon inactivation of the overhaul and repair department, this work must be performed by other departments of the activity or be transported to a remote area for accomplishment by other Government activities.

Plans for local accomplishment of this continuing work requirement involve expansion of the aircraft maintenance department by 180 military personnel and operation of some overhaul and repair department shops and laboratories by the public works and research and development departments.

As may be seen, this action involves only a transfer of work from skilled to less skilled personnel with no resultant savings to the Navy. It is estimated that the internal transfer of this work requirement will involve an initial cost of \$50,000 and a continuing yearly cost of \$600,000.

Immediately subsequent to the announcement of inactivation of the overhaul and repair department at Lakehurst, the Navy Department advised the seven other overhaul and repair departments of authorized increases in civilian personnel ceiling approximating the 440 lost at this activity. This increase is understandable in light of the known

backlog of unscheduled aircraft rework and modification and the transfer of 115,000 man-hours of work per quarter from Lakehurst to other activities.

More recently, the Congress has authorized additional moneys and personnel for the Navy's aircraft overhaul facilities as a part of the program to improve the Nation's military posture. A personnel ceiling increase of 1,280 persons was allocated to the seven other overhaul and repair departments by the Navy to implement the accelerated work program involving the expenditure of premium pay for overtime and extra shift work. Typical of this effort is NAS Pensacola program described in the enclosed news story from the Pensacola Journal of August 26, 1961. I will not read this at this time, but it goes into detail and spells out the 6-day week, the overtime, the three-shift differential, et cetera.

Senator CASE. This would be included at the conclusion of your remarks if you wish.

Mr. SNOW. Yes, sir.

What does this signify as a cost to the Government? First, an expenditure of over \$150,000 will be required to relocate the tooling, reconstruct the facilities, reestablish the work programing and technical direction and train the artisans to perform the transferred work. Second, over \$100,000 will be expended in transfer of civilian personnel from Lakehurst to other overhaul and repair activities to perform similar or, in some cases, the same job previously accomplished. Third, an unestimable six-figure expenditure of premium pay by the other overhaul and repair departments for work exceeding their normal plant capacity work which could have been assigned to Lakehurst, an activity with a proven plant capacity for utilization of over 1,000 personnel on a normal 40-hour, 5-day week.

Reactivation of the overhaul and repair department subsequent to January 1, 1962, is estimated at a cost of over \$2 million. This overall cost is broken down as follows:

Direct labor.....	\$750,000
Indirect labor costs (personnel recruitment, training, transportation, etc.).....	250,000
Retooling.....	600,000
Supply items (materials, etc.).....	250,000
Miscellaneous.....	150,000

As we stated in our opening remarks, the Lakehurst Naval Air Station Development Association presented proposals to the Navy for induction of new work programs to replace the phased-out airship program. Each of these programs merits thorough consideration by the Government as a means of achieving more efficient performance of aircraft rework, improved operational readiness of the Nation's Armed Forces and an appreciable saving in funds expended.

The Naval Air Station, Lakehurst, provides the only overhaul and repair support to naval aviation units between Quonset Point, R.I., and Norfolk, Va. This activity has complete facilities, tooling, and personnel equivalent to those of a prime aircraft contractor, to accomplish any assigned rework of Department of Defense aircraft and components. The tooling has an average age of 6 years, the personnel average 14.4 years of trade experience, and the plant has the unique advantage of unequalled hangar capacity.

The performance position of the Lakehurst overhaul and repair department for fiscal years 1960 and 1961, as reported by the Bureau

of Naval Weapons, has been fourth of the eight overhaul and repair departments.

The programs proposed for replacement of the lighter-than-air program, and in consideration of the above factors are:

1. Helicopter overhaul.
2. East Coast Aircraft Modification Center.
3. Cross service aircraft support.
4. Missile rework.
5. Aircraft rework.
6. Aircraft engine rework.
7. Aircraft component rework.

Induction of any one or a combination of these programs would reduce to a major extent the present overload in other overhaul and repair facilities. Additionally the loss to Federal, State, and local governments and to private interests of \$6 million as a result of the closing of the Lakehurst facility would be eliminated.

On the basis of the facts presented, the Lakehurst Naval Air Station Development Association concludes that the inactivation of the overhaul and repair facility is not in the best interests of the U.S. Government and will have a significant deleterious effect on the economy of the adjacent community.

Thank you.

Senator CASE. Thank you very much, Mr. Snow.

And I take it that you are in support of the legislation which is our immediate purpose at this particular hearing?

Mr. SNOW. We attempted to key all of these things into that bill. We certainly feel that if the bill, as Assemblyman Hiering has stated, had been a law a year ago, that this would not have happened, because proper consideration would have been given to all factors, and with this consideration a decision to retain the activity in an operational status would have been current.

Senator CASE. Do you have any questions?

Mr. LEVIN. Some of the figures you gave us, you say these were done by research by yourself and by the chamber of commerce—the U.S. Chamber of Commerce?

Mr. SNOW. Mr. Hiering's figures particularly were based on the U.S. Chamber of Commerce figures. We also used some of that same data. We have backup figures for all the statements we have here. We could expand on any of those.

Mr. LEVIN. It is remarkable, because the Department of Commerce and Department of Defense said that such studies were impossible to conduct.

Mr. SNOW. It is one of the things that we are very unhappy about, because our feeling is that it is just a matter of lack of initiative and not ability to actually measure these studies.

Senator CASE. Thank you very much, Mr. Snow.

Again, as I said about Mr. Hiering, I want to say it has been my experience and my colleagues experience that you have been extremely effective in representing the people whom you do represent in the association, and it is very helpful indeed to us in our efforts to do a responsible job as your representatives in Washington. I have always found it possible to rely fully on not only the accuracy and the honesty of your figures, but the intelligence of your presentation and that

goes of course for this afternoon's testimony as well as our previous connections.

Thank your very much.

(Material above referred to follows.)

(The brochures of the National Council of Naval Air Stations Employee Organizations and the Naval Air Station, Lakehurst, N.J., are in the committee files.)

[From the Pensacola (Fla.) Journal Saturday morning, Aug. 26, 1961]

**NAVY ORDERS OVERHAUL AND REPAIR CRASH PROGRAM ON 6-DAY WEEK
SHIFTS ON 10 HOURS**

(By Jerry Earley)

The Navy is embarking on a crash program to keep most of its aircraft in top flying condition, Navy officials said Friday.

The overhaul and repair facility at Naval Air Station, Pensacola, which is presently receiving many priority work orders, will be particularly affected.

The Navy's Bureau of Weapons has authorized a 6-day working week with 10-hour days if necessary.

Some shifts are presently working on a 10-hour, 5-day week at O. & R. while others are working 8 hours daily through Saturday.

Authority was given to hire more than 500 skilled mechanics and electricians, better than 200 of them in September.

Officials said they hope to return to regular working hours as soon as more help is hired.

About 60 trained persons have come here from NAS Lakehurst, N.J.'s lighter-than-air facility. More technicians are expected to be transferred when the blimp unit is officially closed in November.

The officials said the shortage of skilled personnel in the aviation electronics field is the most critical.

The Federal Employment Service is to help the Navy to hire the new personnel. The number of airplanes being flown into NAS, Pensacola, has increased the O. & R. workload in the past few weeks.

An additional 1,100 workers are expected to work this weekend.

Many aviation industries have been increasing the volume of their parts output since the beginning of the Berlin crisis, Navy officials said.

O. & R., they added, needs extra facilities for manufacturing parts not readily available.

A possible expansion of the department, into new buildings, is also expected. No official word has been received yet about the construction of such buildings.

Senator CASE. Is there anyone else from the Lakehurst area?

**STATEMENT OF JAMES PUNDERSON, MEMBER OF THE EXECUTIVE
COUNCIL OF THE DEVELOPMENT ASSOCIATION AT LAKEHURST,
N.J.**

Mr. PUNDERSON. My name is James Punderson. I am a member of the executive council of the Development Association at Lakehurst. I jotted down a few notes here, Senator.

I noticed that in your remarks you believe that it would be a help rather than a hindrance to the Defense Department if this bill were passed, although they might not agree.

I think that this very definitely is so, and perhaps the Defense Department could avoid some of the decisions which Mr. Hering has called hasty and ill advised.

For instance, last spring due to your help and Senator Williams' help, we made this presentation to the Navy Department as to what other work programs could be put in at Lakehurst. However, in June 1961, the fact sheet, so-called fact sheet said, "No work is

available which can be submitted to maintain the O. & R. department."

However, the Department of Defense 3 months later finds itself in the position of trying to recruit 1,200 new employees going on overtime, going on extra shifts, to do exactly the same type of work which we proposed at the time be done at Lakehurst.

I am sure there must be a couple of pink faces at least somewhere, and if your bill had been passed at that time, I am sure this would not have come about.

You will probably recall 2 or 3 years ago a colleague of yours at that time—his initials are L. B. J.—was quite concerned about the closing of the O. & R. Department at Corpus Christi, which had 2,000 employees as opposed to our 430-some odd, and if you will recall he went into great detail to ask the Department of Defense how they knew their decisions were so infallible; and I don't believe they persuaded him, but he didn't persuade them either, so Corpus Christi was closed.

However, at this very moment, less than 3 years later, Corpus Christi is being reactivated at a cost of millions and millions of dollars, to perform the same kind of work that it was performing at that time.

I think that is all I have to say. Thank you.

Senator CASE. Thank you very much indeed.

Any questions?

Mr. LEVIN. No.

Senator CASE. Is Mr. John Bunker here? I believe he was here this morning and had to go before his turn was reached. He is president of the Edison Chamber of Commerce.

We will advise Mr. Bunker that he may submit his statement for the record before the transcript is closed, as if he were here.

Is anyone else here who would like to present any testimony before the subcommittee?

Mr. BEDMAN. May I make a supplementary remark with regards to—

Senator CASE. For the sake of the reporters—not the reporter over here—would you state your name again?

FURTHER STATEMENT OF W. FRED BEDMAN, CHAIRMAN, EMPLOYEE-COMMUNITY ASSOCIATION FOR RARITAN ARSENAL, INC. NIXON N.J.

Mr. BEDMAN. Fred Bedman, Employee-Community Association for Raritan Arsenal.

I had a note and I failed to include it when I spoke before, but I would like to get this included, that we are told, and of course there has been much publicity that the phaseout in Raritan Arsenal will take place over a 3-year period, and that very frankly I am not sure really of the date now; is it June 30, 1964, the final date? June 30, 1964, and there has been much comment, locally at least, saying you have got 3 years to make up your mind. But for the record, this isn't necessarily true and I can refer you to some 249 people as of 8 o'clock yesterday morning that had a decision to make that was far from being 3 years, it was more like about 5 days. They were notified 5 days in advance with the requirement to indicate whether or not they would accept transfer rights.

We encouraged these people if they were in doubt to say yes, to protect their rights. As a result of this many people said yes, and of course when they finally received a letter with the job offer they turned them down.

So just for the record this 3-year phaseout is fine when you consider it in the overall approach of things to come but it doesn't affect people necessarily over that 3-year span where they have that time to make up their minds, it's much less than that and much closer to 30 days or 45 days when a person must decide where to go.

Senator CASE. Thank you very much, Mr. Bedman.

The record will be kept open for the purpose of comments by the association on certain statements made by the Government department in answer to inquiries presented to them at our Washington hearing.

I understand they will be presented sometime within the next 2 or 3 weeks.

If there is no one else here who wishes to speak, I will close the hearing. Before I do, there are just a couple of comments that I should like to make for the record.

First and chiefly I want to say to everyone who has testified today the testimony has been helpful to me personally. I know it will be helpful in connection with presenting this matter to our subcommittee and for executive action on the bill and also to our full committee and to the Congress.

It has been presented in a very effective and graphic way, showing a picture of the meaning of closing of an installation of this sort, not only to the economy of an area and of a State, but also to the individual affected, and without such testimony as this it would be very difficult indeed, if not impossible, to get the whole picture.

The considerations are in some cases intangible; just, for example, the impact of the loss of job or transfer to another area on our Negro workers as a factor that can't be measured in statistics, yet has a very great impact upon the lives of the American people.

The impact upon a person whose home is being purchased, whose children are being educated in circumstances which have been developed with great difficulty, and pursuant to careful and long-term planning and frugality, the change in these circumstances cannot be made without losses that cannot be repaid in terms of money or in terms of anything that we can provide with all the good will and best efforts in the world.

These graphic personal pictures will add greatly to the impact of the testimony that we received on this legislation and I am most grateful for all that has been given to us, by public representatives, by individual citizens, by business representatives, and labor representatives, and by the employees and their organizations.

I don't think we can any of us have any illusions about a quick turnabout or even an ultimate turnabout in a decision so far as these particular installations are concerned, and yet for one, I am not prepared to give up hope that there can be a change, for example, in the arsenal phaseout. A 3-year program is contemplated during that time. There may, whether by reason of change in defense plans or needs, military development or outside, there is at least a period in which we can continue to work. The same thing is true insofar as the Lakehurst situation goes, I think especially in view of the

testimony reemphasized here today of the needs of the Navy Department for the kind of work that Lakehurst is equipped to do. And so, while the immediate effect of this bill cannot be, even if it is passed, and I hope and indeed I believe it will be passed, it will have a salutary effect on similar situations in the future, even though it may not provide directly to these two installations. I for one believe we should continue to present as strongly as possible, as effectively as we can, the position to the Government departments concerned.

If there is no further testimony to be given, this particular hearing will close, subject to the call of the chairman.

(Whereupon, at 2:50 p.m., the hearing was closed.)

(The comments of the Government agencies follow:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, July 7, 1961.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate.

DEAR MR. CHAIRMAN: With respect to your letters of May 24 and June 9, 1961, requesting our comments on S. 1892 and S. 2039, identical bills relating to the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment, this is to advise that we have no special information as to the desirability of the proposed measures and that, therefore, we offer no comment concerning the merits of this legislation. However, in connection with section 2 of the bills, authorizing the Secretary of Commerce to utilize information and facilities of the executive departments and agencies in carrying out his duties under the proposed act, we would suggest, for purposes of clarification, that the section be revised to include a positive statement as to whether services furnished pursuant to this section are to be on a reimbursable or a nonreimbursable basis.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

THE SECRETARY OF COMMERCE,
Washington, D.C., September 5, 1961.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request with reference to S. 1892, a bill to direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment.

The bill provides that whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof, and such installation is situated in an area in which the rate of unemployment is 6 percent or more, the Secretary of Commerce, upon the request of the Governor of the State in which the area is located, shall institute a study to determine the economic effects of the action. The Secretary would make findings in areas of substantial unemployment that would compare the savings to result from deactivation with other effects such as the:

1. Costs or losses to Federal, State, or local governments;
2. Losses by private interests that have provided services needed by the installation;
3. Cost of relocating the installation if this is to be done; and
4. Cost of reactivation in case of emergency.

It is our understanding that the Department of Defense has underway an intensive study of our entire military installation structure with a view to deactivation of those installations which are no longer required in the interest of national defense.

Additionally, pursuant to a request from the President, the Department of Commerce, in cooperation with other interested agencies, has been given the responsibility of advising the Secretary of Defense on ways of reducing the impact of military closings on local economies. A committee under the chairmanship of

a Special Assistant to the Secretary of Commerce has been formed to implement the President's request and representatives of the agencies have made a series of visits to affected communities and offered to assist in planning economic development programs that will offset the loss of local employment resulting from the deactivation of military installations.

This Department is in accord with the objectives of S. 1892 but in view of the action already being taken by the executive branch we do not believe the legislation is necessary and, therefore, recommend against enactment of the bill.

The Bureau of the Budget advised there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

EDWARD GUDEMAN,
Under Secretary of Commerce.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., September 1, 1961.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on S. 1892 and S. 2039, 87th Congress, identical bills to direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment.

The bills would provide that whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof, and such installation is situated in an area in which the rate of unemployment is 6 percent or more, the Secretary of Commerce, upon the request of the Governor of the State in which the area is located, shall institute a study to determine the economic effects of the action. The Secretary of Commerce would be required with respect to the deactivation to make findings as to the saving to be realized by Federal agencies compared with (i) costs or losses to other Federal or State governmental agencies, (ii) losses which may be incurred by private interests with respect to related facilities which they, in lieu of the Government, have provided, (iii) costs of relocating the installation, if relocation is planned, and (iv) the costs of reactivating the installation in the event of an emergency or other contingency. The Secretary of Commerce would be required to make the study as expeditiously as practicable and findings made pursuant to such a study would be transmitted to the Secretary of Defense and to the Congress.

The Department of Defense is opposed to the above subject bills.

As the President stated in his message to the Congress in March of this year relating to the Defense budget, he has instructed the Secretary of Defense to deactivate those military installations which are no longer required in the interests of national defense. In his message, the President stated it is difficult, with so many defense and other budgetary demands, to justify the support of military installations, with high operating and payroll costs and property values, which are no longer required for the defense of the country.

The President said that he was aware that in many cases deactivations will cause hardship to the communities and individuals involved. He stated that while these actions should not be deferred, the Government will make every practicable effort to alleviate the hardships.

Pursuant to the above directive of the President, the Department of Defense has underway an intensive study of our entire installation structure. All installations and bases will be reviewed and decisions as to those which should be closed will be made only after careful consideration of all factors involved. Many of the factors which must be evaluated in a study of this nature are inextricably involved in considerations of military missions and strategic plans.

While decisions to deactivate an installation will be based primarily on its need for defense purposes in accordance with the President's directive, all possible action will be taken to lessen the economic impact on employees and local communities. The Department of Commerce as well as the Department of Labor, the General Services Administration and certain other agencies will furnish valuable assistance in this regard. In addition to applying maximum effort in finding other jobs for employees affected, unneeded facilities, wherever possible, will be made available on a schedule, and in a condition, which will provide the best

chance for their being put to beneficial use either by other governmental agencies or by private enterprise. Working with representatives of the above departments and agencies, the Department intends to meet with community groups and attempt to find mutually satisfactory answers to the problems they will face.

It is the view of this Department that legislation is not necessary and could result in duplication and delay which would not be in the interests of the national defense.

The Bureau of the Budget advises that from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

CYRUS R. VANCE.

OCTOBER 16, 1961.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Interstate and Foreign Commerce,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MAGNUSON: This is in further response to your request for our comments on S. 1892 and S. 2039, bills to direct the Secretary of Commerce to undertake studies of the economic effects of deactivating certain permanent military installations situated in areas of substantial unemployment.

The Department of Labor favors the general purposes of these bills of alleviating the problem of substantial and persistent unemployment which exists in some parts of the Nation. However, in view of action presently being taken by the executive branch we believe that enactment of the measure is not necessary and either bill, if passed, would duplicate existing programs.

We understand that the Department of Defense has underway an intensive study of our entire military installation structure with a view to deactivation of those installations which are no longer required in the interest of national defense. Also, pursuant to a request from the President, the Department of Commerce, in cooperation with other interested agencies, has been given the responsibility of advising the Secretary of Defense on ways of reducing the impact of military closings on local economies. Many agencies, including the Department of Labor, will furnish assistance in this regard, and all possible steps will be taken to lessen this economic impact on employees and local communities.

We understand that representatives of the Department of Defense and other interested agencies are meeting with community groups in locations where deactivation of military installations is under consideration. Information thus obtained is, among other things, furnished to an interagency committee on which the Department of Labor is represented. In instances where employment displacement problems are involved, the Department of Labor and its affiliated State employment services are expected to initiate actions for dealing with the problems.

For the foregoing reasons the Department of Labor does not recommend the enactment of either S. 1892 or S. 2039.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Yours sincerely,

ARTHUR J. GOLDBERG,
Secretary of Labor.

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