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ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: GEORGE ALLEN, IKE'S FARMING PARTNER, IS DIRECTOR OF COMPANY GETTING DEFENSE CONTRACTS; AVCO ALSO EMPLOYS KEY RETIRED MILITARY MEN; AVCO'S ORDERS HAVE TRIPLED THIS YEAR.

Washington.--When President Eisenhower lit into what he called the "Munitions Lobby" the other day, he probably didn't realize that he was hitting rather close to home.

For one of the most powerful munitions lobbies in Washington is the AVCO Manufacturing Company, of which his golfing-bridge-farming partner, George Allen, is a director. In addition, AVCO is close to Secretary Ezra Taft Benson and employs a battery of key generals and admirals, some of whom are now being investigated by Congressman Hebert's Armed Services Subcommittee.

They include:

Gen. Clarence S. Irvine, former Deputy Chief of Staff of the Air Force in charge of materiel. In this job General Irvine was top dog for all Air Force procurement, production and maintenance in the field. Since the Air Force plans for about 10 years ahead, Irvine is in the position to use this expert knowledge while now working for AVCO.

Maj. Gen. Herbert M. Jones, the Adjutant General of the Army who stepped from this key post into AVCO.

Brig. Gen. Munro MacCloskey, of the Air Force.

Adm. Edward L. Woodyard, U.S. Navy.

One way or the other, through friends or otherwise, the AVCO Corporation was able to roll up a total of \$102,000,000 worth of defense orders in 1958. This year, however, business has been looking up.

According to Moody's Industrial Manual, AVCO's backlog of defense orders in December 1958 totaled \$99,000,000.

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Three months later, however, the backlog of defense orders had zoomed up to \$300,000,000. Since the total defense orders for the preceding year--1958--were only \$102,000,000, something really gave a lift to AVCO's business.

General Irvine, formerly in charge of Air Force Materiel and Procurement, joined the company this spring.

--IKE'S DINNER GUEST--

AVCO is a far-flung company which manufactures everything from farm machinery to aviation engines to electronics to hydraulic loaders and chemical spreaders. It has factories in Coldwater, O., Ft. Dodge, Ia., Williamsport, Pa., Cincinnati, Richmond, Ind., Evandale, O., Everett, Mass., and Chicago. Its chairman is Victor Emmanuel, who has been a guest at President Eisenhower's stag parties.

Significantly, in the rush of contracts which has helped swell AVCO's profits, there has been some very sloppy negotiating on the part of the Air Force. As a result, AVCO has been forced to make refunds.

On March 19, 1959, AVCO refunded \$1,113,510 to the Air Force as a result of an error in the costs of a \$15,000,000 AF contract for B-52 parts. It was explained that the error resulted from the fact that the Air Force accepted more than \$1,000,000 of recorded costs which the contractors included in error.

Real fact is that the General Accounting Office caught the error, not AVCO, nor the Air Force. Without prodding from the accounting arm of Congress, the error might never have been discovered.

Another significant fact: AVCO owns a potent line-up of TV and radio stations, including WLW and WLW-TV in Cincinnati, WLW-C in Columbus, WLW-D in Dayton, WLW-A in Atlanta, and WLW-I, which is in dispute in Indianapolis. Network TV being what it is today, it's doubtful that any TV network would carry news programs critical of AVCO in regard either to its defense contracts or its brass hat lobbying. That kind of critical news doesn't get on TV unless officially announced by a Congressional committee or the White House which won't happen in the case of AVCO.

--NO COMPETITIVE BIDS--

It should be noted that practically all Pentagon contracts let to AVCO and other major contractors are on a cost-plus, negotiated basis. During the war, competitive bids were given up because of the necessity for speed. The war has been over fourteen years, but negotiated contracts are still the easy and customary mode of operation in the Pentagon. This is why ex-military officers can be so helpful, for when you have the No. 1 general once in charge of procurement on your payroll, the contracts officers who once served under him listen.

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Here is how some of the contracts have rolled in to AVCO in the past year:

- April 21, 1958--AVCO got \$3,000,000 contract to its Lycoming Division for helicopter gas turbine engines, delivery to start Jan. 1, 1959
- June 26--Lycoming got Air Force propjet contract, \$6,000,000 for T-53-L-3 engines; plus \$10,000,000 order for helicopter version of T-53-L-1.
- June 30--Army and AF awarded four contracts to AVCO's Crosley Division, worth \$8,500,000 for fire control systems, spares for B-52 bombers, and Navy contracts for Navy missile engineering and missile parts for rocket motor.
- July 14--Crosley got \$5,000,000 in military orders, involving ground radar projects and Marine Corps radar units.
- July 11--Air Materiel Command gave Crosley \$1,620,000 fire control systems (guns).
- July 21--AF announced that a group of five companies were selected for work on Minuteman ICBMs. AVCO was to do the nose cone. Cost not specified.
- Aug. 1--Lycoming got orders for more than 500 of its new 500-hp aircraft engines. Cost not announced.
- Sept. 30--AF gave \$1,088,000 contract for reciprocating aircraft engines, installations, and spart parts H-13H and H-23H aircraft.
- March 11, 1959--New contracts announced: \$41,749,000 civilian and defense contracts for Crosley and Nashville Divisions. This included \$24,458,000 to Crosley for ground radar system; \$12,464,000 for Convair civil jet airliners, Nashville Division; \$2,152,000 stabilizer and flipper for AF Falcon air-to-air missile; \$2,675,000 from Army Signal Corps: communications equipment, engineering changes on AF projects and miscellaneous.

(END MERRY-GO-ROUND RELEASE THURSDAY, JULY 23, 1959)

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