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REPORT TO THE CONGRESS



Printing of Military Service Newspapers in Southeast Asia Instead of Airlift from Japan Could Mean Substantial Savings

B-165683

Department of Defense

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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095693

MARCH 10, 1971



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-165683

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on the opportunity for substantial savings by the Department of Defense by printing military service newspapers in Southeast Asia instead of airlift from Japan.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget; the Secretary of Defense; the Secretaries of the Army, Navy, and Air Force; and the Secretary of Transportation.

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

D I G E S T

WHY THE REVIEW WAS MADE

During a survey of the transportation activities of the Department of Defense (DOD) in the Far East and Southeast Asia, the General Accounting Office (GAO) observed that large quantities of Pacific Stars and Stripes and other military service newspapers were being airlifted from Japan to Southeast Asia for distribution.

GAO wanted to find out if savings in transportation costs could be achieved by printing the newspapers at some point nearer to the readers.

FINDINGS AND CONCLUSIONS

About 15 tons of Pacific Stars and Stripes and other service, or unit, newspapers are airlifted daily from a Government-owned printing plant in Japan to Southeast Asia by commercial jet aircraft chartered for the purpose. The cost to the Government is about \$5 million annually. (See p. 5.)

DOD, in GAO's opinion, can save about \$3.8 million annually by contracting with a commercial firm to print the newspapers in Bangkok, Thailand. The savings represent the difference between the cost of airlifting the newspapers from Japan to Southeast Asia and the cost involved in having the papers printed in Bangkok. (See p. 7.)

After an initial examination, in September 1968 GAO proposed that DOD reevaluate the centralized printing of the newspapers and consider establishing a satellite printing plant in Vietnam. (See p. 7.)

At that time DOD concurred that there would be savings by relocating the printing operation but stated that establishment of a printing facility presupposed a long-term need. DOD said that it was questionable whether the plant would serve any useful purpose. (See p. 7.)

The response indicated that DOD had considered only the possibility of constructing a new plant in Vietnam and had not, as GAO had proposed, generally reevaluated the centralized printing operation. GAO recognized that any decentralization would be temporary but reasoned that, unless the withdrawal of U.S. Forces from Southeast Asia was immediate

and complete, the cost of decentralization would be recovered in the first few months of operation. (See p. 7.)

In view of the potential savings, GAO believed that DOD officials should have explored alternative methods of printing the papers nearer to the area of distribution and that consideration should have been given to contracting with a commercial firm for the required printing service. (See p. 7.)

After receiving DOD's comments on its September 1968 proposal, GAO explored alternative methods of printing and found several commercial printing firms capable of printing the Pacific Stars and Stripes and willing to undertake the job. A firm in Bangkok offered per-copy costs sufficiently low to enable DOD to realize annual savings of about \$3.8 million, even after considering the added printing and transportation costs involved. (See p. 8.)

Relocating the printing plant would mean that about 25 pounds of reproduction negatives would be airlifted daily from Japan to Southeast Asia, compared with the 15 tons of newspapers now being given premium air transportation. (See p. 7.)

If the newspapers were printed in Bangkok, chartered commercial aircraft could move them to Vietnam. Distribution within Vietnam would continue by present airlift procedures. The relatively few papers distributed in the Philippines and other areas would be transported on existing military flights or on commercial aircraft. The cost of commercial airlift was considered by GAO in computing its savings estimate. (See pp. 8 and 9.)

RECOMMENDATIONS OR SUGGESTIONS

In March 1970 GAO proposed that DOD take immediate steps to reevaluate the centralized printing operation of Pacific Stars and Stripes. As a part of that reevaluation, GAO proposed that DOD study and consider contracting with a commercial firm for printing the Pacific Stars and Stripes and unit newspapers. (See p. 11.)

For reasons discussed in the next section, GAO is now recommending that DOD begin negotiating with qualified firms in Southeast Asia for the required printing service and that the printing be shifted as expeditiously as possible where costs are favorable. (See p. 15.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Deputy Assistant Secretary of Defense (Manpower and Reserve Affairs) stated in June 1970 that, on the basis of information reported by a DOD

study group which was independent of Pacific Stars and Stripes, it appeared that the charter flight in use provided the best possible balance between cost and mission accomplishment. (See p. 11.)

The DOD study group concluded, however, that GAO's proposal to employ commercial printing firms to print the newspapers was feasible and had merit. The group said that negotiations were planned with interested printing plants to print the copies for distribution in Thailand. If that is accomplished, the Bangkok leg of the charter flight could be eliminated at considerable savings in air miles. The group said also that printing the Thailand copies in Bangkok would be a valuable trial run and, if successful, could be extended to other areas. (See pp. 11 and 12.)

In July 1970 GAO visited one of the commercial firms in Bangkok and found that new presses had been installed. The new presses currently can produce about 70,000 copies of the Pacific Stars and Stripes daily and can be expanded easily to print up to 160,000 copies daily. (See p. 12.)

Exploring the possibility of having a commercial firm print some of the newspapers is, GAO believes, insufficient. If the potential savings are to be realized, prompt and positive action is needed to shift the printing of most of the copies of the Pacific Stars and Stripes destined for Southeast Asia. (See p. 15.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

The need for immediate action by DOD to effect substantial savings is outlined in this report.

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	4
2 SAVINGS BY CONTRACTING FOR PRINTING NEARER THE READERS	7
3 AGENCY COMMENTS AND OUR EVALUATION	11
4 CONCLUSIONS AND RECOMMENDATIONS	14
Conclusions	14
Recommendations	15
5 SCOPE OF REVIEW	16
APPENDIX	
I Letter dated June 16, 1970, from the Deputy Assistant Secretary of Defense (Manpower and Reserve Affairs) to the General Ac- counting Office	19
II Principal officials of the Department of Defense and the Departments of the Army, Navy, and Air Force responsible for the administration of activities discussed in this report	28

ABBREVIATIONS

DOD	Department of Defense	<i>AGC 00005</i>
GAO	General Accounting Office	
MAC	Military Airlift Command	<i>AGC 00007</i>
PS&S	Pacific Stars and Stripes	

AGC00007

D I G E S T

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At that time DOD concurred that there would be savings by relocating the printing operation but stated that establishment of a printing facility presupposed a long-term need. DOD said that it was questionable whether the plant would serve any useful purpose. (See p. 7.)

The response indicated that DOD had considered only the possibility of constructing a new plant in Vietnam and had not, as GAO had proposed, generally reevaluated the centralized printing operation. GAO recognized that any decentralization would be temporary but reasoned that, unless the withdrawal of U.S. Forces from Southeast Asia was immediate

and complete, the cost of decentralization would be recovered in the first few months of operation. (See p. 7.)

In view of the potential savings, GAO believed that DOD officials should have explored alternative methods of printing the papers nearer to the area of distribution and that consideration should have been given to contracting with a commercial firm for the required printing service. (See p. 7.)

After receiving DOD's comments on its September 1968 proposal, GAO explored alternative methods of printing and found several commercial printing firms capable of printing the Pacific Stars and Stripes and willing to undertake the job. A firm in Bangkok offered per-copy costs sufficiently low to enable DOD to realize annual savings of about \$3.8 million, even after considering the added printing and transportation costs involved. (See p. 8.)

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RECOMMENDATIONS OR SUGGESTIONS

In March 1970 GAO proposed that DOD take immediate steps to reevaluate the centralized printing operation of Pacific Stars and Stripes. As a part of that reevaluation, GAO proposed that DOD study and consider contracting with a commercial firm for printing the Pacific Stars and Stripes and unit newspapers. (See p. 11.)

For reasons discussed in the next section, GAO is now recommending that DOD begin negotiating with qualified firms in Southeast Asia for the required printing service and that the printing be shifted as expeditiously as possible where costs are favorable. (See p. 15.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Deputy Assistant Secretary of Defense (Manpower and Reserve Affairs) stated in June 1970 that, on the basis of information reported by a DOD

study group which was independent of Pacific Stars and Stripes, it appeared that the charter flight in use provided the best possible balance between cost and mission accomplishment. (See p. 11.)

The DOD study group concluded, however, that GAO's proposal to employ commercial printing firms to print the newspapers was feasible and had merit. The group said that negotiations were planned with interested printing plants to print the copies for distribution in Thailand. If that is accomplished, the Bangkok leg of the charter flight could be eliminated at considerable savings in air miles. The group said also that printing the Thailand copies in Bangkok would be a valuable trial run and, if successful, could be extended to other areas. (See pp. 11 and 12.)

In July 1970 GAO visited one of the commercial firms in Bangkok and found that new presses had been installed. The new presses currently can produce about 70,000 copies of the Pacific Stars and Stripes daily and can be expanded easily to print up to 160,000 copies daily. (See p. 12.)

Exploring the possibility of having a commercial firm print some of the newspapers is, GAO believes, insufficient. If the potential savings are to be realized, prompt and positive action is needed to shift the printing of most of the copies of the Pacific Stars and Stripes destined for Southeast Asia. (See p. 15.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

The need for immediate action by DOD to effect substantial savings is outlined in this report.

CHAPTER 1

INTRODUCTION

The General Accounting Office reviewed the method used by DOD to distribute Pacific Stars and Stripes (PS&S) newspapers to Southeast Asia. Our review was limited to evaluating the cost of delivering the newspapers from Japan--where they were printed--in relation to the cost of printing the newspapers at a point nearer to the readers. The scope of our review is on page 16.

PS&S was established in 1945 during the final phase of World War II to publish and distribute a daily newspaper to Armed Forces and Government personnel in the Pacific area. The editor-in-chief, an Army officer, is assisted by a civilian general manager and a professional staff. The business office and printing plant in Tokyo employ about 360 persons, including U.S. and Japanese civilians and members of the Armed Forces. In addition, PS&S maintains news bureaus and circulation offices throughout the Pacific area.

As a revenue-producing activity, PS&S operates under a triservice fund council. Its income is from

- newspaper sales (55 percent),
- book and magazine sales (33 percent),
- special printing jobs (6 percent), and
- other income (6 percent).

About 256,000 copies of the newspaper are printed daily in Japan and distributed over an area of 3 million square miles, including Vietnam, Japan, Korea, Okinawa, the Philippines, Thailand, Guam, Taiwan, and Wake Island. Approximately 50 percent of the daily output is provided free to troops in combat areas of Southeast Asia, one copy for each five military personnel. The Department of the Army reimburses PS&S for the direct printing cost of these free copies, which in March 1968 was about 2 cents a copy.

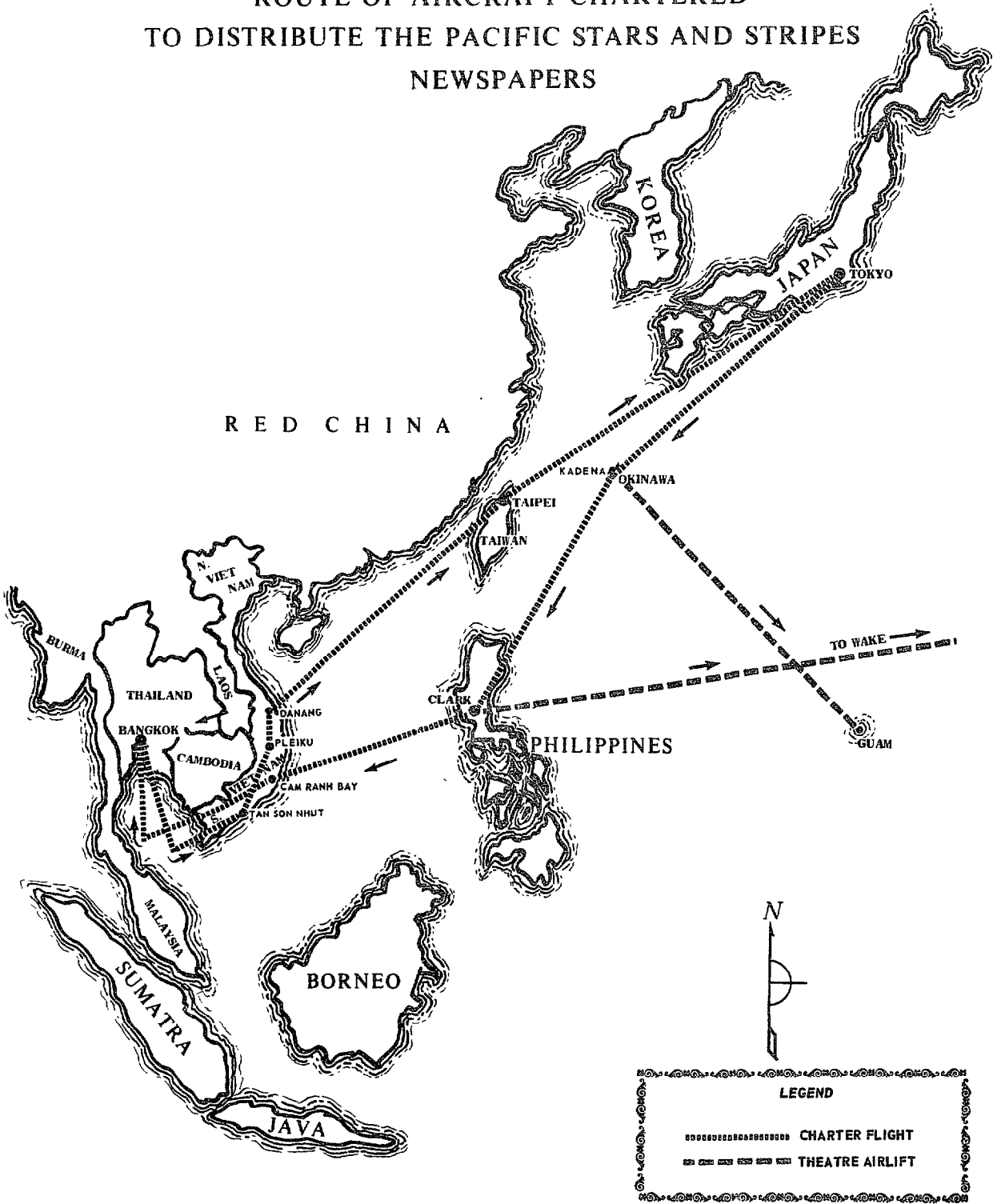
Also, the PS&S plant in Japan prints 25 military unit newspapers totaling about 19 million copies a year. Fifteen of these newspapers--about 16.5 million copies--are for our forces in Vietnam.

Although PS&S is considered a non-appropriated-fund activity, it receives more than \$6 million a year in appropriated fund support from the military in the form of air and surface transportation, assigned military personnel, and building maintenance. At the time of our review, the backbone of the air transportation furnished by the military was a Boeing 727 jet aircraft chartered from a commercial carrier by the Military Airlift Command (MAC) at a cost of about \$5 million a year. This aircraft, chartered especially for airlifting about 15 tons of PS&S newspapers and unit newspapers, made a daily round trip from Japan through Southeast Asia, stopping at principal delivery points. A map showing the route of the charter flight follows.

During the Korean conflict PS&S operated a satellite printing plant in Pusan, Korea, and later in Seoul, Korea, to print the paper at a plant closer to the ultimate readers. The Korea satellite plant was discontinued in 1956 because its press was too small to handle the new and expanded format of the newspaper.

Officials of the Department of Defense and the Departments of the Army, Navy, and Air Force responsible for the activities discussed in this report are listed in appendix II.

ROUTE OF AIRCRAFT CHARTERED TO DISTRIBUTE THE PACIFIC STARS AND STRIPES NEWSPAPERS



CHAPTER 2

SAVINGS BY CONTRACTING

FOR PRINTING NEARER THE READERS

DOD, in our opinion, can save about \$3.8 million annually by contracting with a commercial firm to print the PS&S and unit newspapers in Bangkok, Thailand. The savings represent the difference between the cost of airlifting 15 tons of newspapers daily from Japan to Southeast Asia and the costs involved in having the papers printed in Bangkok. Only about 25 pounds of reproduction negatives would be airlifted.

During an initial examination into the distribution activities of PS&S, we proposed in September 1968 that DOD reevaluate the centralized printing of the PS&S newspaper in Japan. As part of the reevaluation, we suggested that DOD consider establishing a satellite printing plant in South Vietnam.

In December 1968 DOD responded and concurred that there would be cost savings by relocating the printing operation in Vietnam but stated that establishment of a printing facility presupposed a long-term need and usage. DOD added that it was questionable, in light of present and subsequent developments, that a facility of the type that we proposed would be necessary or would serve any useful purpose.

The response indicated that DOD had considered only the possibility of constructing a new printing facility in Vietnam and had not, as we had proposed, generally reevaluated the existing printing operation in terms of the savings in transportation costs which would result from printing the paper nearer to the readers. We fully recognized that any decentralization would be temporary and would be useful only as long as a significant number of our forces are deployed in Southeast Asia. We reasoned, however, that, unless our withdrawal was immediate and complete, the initial cost of decentralization would be recovered in the first few months of operation. In view of this savings

potential, we felt that DOD officials should have explored every alternative means of having the papers printed nearer to the area of actual distribution.

Therefore we explored the possibility of contracting with commercial firms to print the PS&S and unit newspapers in Southeast Asia. We identified printing firms in Thailand, Hong Kong, Saigon, and the Philippines, which were interested in the work. Several of these firms appeared to have the capability to handle the job.

We concentrated on the possibility of contract printing in Thailand because of its location and because it seemed to have the most immediate availability from the standpoint of equipment, experience, and timeliness. A firm in Bangkok offered per-copy costs sufficiently low to enable DOD to realize annual savings of about \$3.8 million, even after considering the added printing and transportation costs involved.

If the newspapers were printed in Bangkok, chartered commercial aircraft could be used to move them to Vietnam. Distribution within Vietnam would continue by the 834th Air Division under existing procedures.

With respect to the copies for distribution in the Philippines, the scheduling officer of the 5th Air Force indicated that he had daily flights from Vietnam to the Philippines (a distance of about 800 miles) with adequate space to carry the papers to the Philippines at no additional cost. He also stated that arrangements could be made to have a scheduled aircraft perform the mission. In addition, MAC has some retrograde flights from Vietnam which could provide an alternative means of delivery to the Philippines.

Officials of both MAC and the 5th Air Force indicated that the Okinawa papers also could be delivered on retrograde flights. It may be preferable, however, to continue to print the Okinawa papers in Japan, which is considerably closer to Okinawa than is Bangkok. Since the quantity of papers involved is relatively small (about 1,700 pounds, or half a pallet load), it should be possible to reschedule one or more of the numerous MAC or other military flights

going from Japan to Southeast Asia to land at Okinawa and to deliver these newspapers at nominal additional cost.

One method of delivering the 435 pounds of newspapers to Taipei each day would be by a daily commercial flight from Tokyo, which arrives in Taipei daily at about noon, compared with the current delivery time of about 3 p.m. We estimate that the delivery costs for this service would be about \$40,000 a year. All distributions within Okinawa and the Philippines would continue under the present system.

Our estimate of the savings that would accrue to the Government by contracting for the printing in Bangkok of PS&S needed for troops in Southeast Asia was computed as follows:

Annual savings from eliminating the daily charter flight of a Boeing 727 jet from Japan to Okinawa, the Philippines, South Vietnam, Taipei and return		\$5,141,025
Less the following annual costs:		
Cost to airlift 167,000 copies daily from Bangkok to Saigon	\$871,693	
Cost to airlift 4,000 copies daily from Japan to Taipei	40,000	
Additional cost to print newspapers in Bangkok	400,737	
Additional cost of ocean transportation for newsprint over cost from the continental United States to Japan	<u>40,000</u>	<u>1,352,430</u>
Net annual savings		<u>\$3,788,595</u>
Net monthly savings		<u>\$ 315,716</u>

Several years ago PS&S officials attempted to negotiate with a commercial firm in Thailand for printing the newspapers. These officials indicated that negotiations broke off at that time because of problems encountered in importing newsprint. During discussions in September 1969, officials of the American Embassy in Thailand and the commercial

printer advised us that they could foresee no problem in importing newsprint from the United States.

Officials of the commercial printing firm told us that appropriate controls could be established to ensure that only PS&S newspapers and unit newspapers would be printed on the newsprint imported from the United States and that PS&S personnel could be stationed on their premises for supervisory purposes.

The contracting procedure offers more than just lower distribution costs. For instance, as the troop withdrawal in Southeast Asia progresses, the number of papers contracted for can be reduced accordingly.

Although the commercial printer indicated that he would need a 1-year guarantee before undertaking the work, this should be no problem since the estimated cost of the full year's contract would be recovered in the first few months and savings of about \$300,000 a month would be realized thereafter. In our opinion, the savings available warrant the concerted and continuing efforts of responsible officials.

CHAPTER 3

AGENCY COMMENTS AND OUR EVALUATION

We brought our findings to the attention of the Secretary of Defense in a follow-up report dated March 4, 1970, and we proposed that DOD take immediate steps to reevaluate the centralized printing operation. As a part of this reevaluation, we proposed that DOD study and consider contracting with a commercial firm for printing PS&S and unit newspapers.

The Deputy Assistant Secretary of Defense (Manpower and Reserve Affairs), responding for the Secretary of Defense, commented on our findings in a letter dated June 16, 1970. (See app. I.) He stated that an ad hoc study group which was independent of PS&S had made a comprehensive study of the matter and that DOD's examination of the group's report had revealed that:

1. The Commander in Chief, Pacific, was cognizant of the problems of printing and distributing PS&S and shared the concern of GAO and DOD over the high cost of distribution.
2. The Commander in Chief, Pacific, would continue to make every effort to find the optimum solution with concomitant reduction of costs without diminution of service.
3. Contracting with a commercial source was not possible at that time because none of the commercial firms visited had the capability to handle the job.

On the basis of the ad hoc group's report, the Deputy Assistant Secretary concluded that the use of a dedicated charter flight provided the optimum balance between cost and mission accomplishment.

At the time of the ad hoc group study, even though none of the commercial printers visited had the equipment necessary to produce the total number of newspapers required for the Vietnam edition, the group concluded that the

concept was feasible and had merit. The group indicated that the Commander in Chief, Pacific, was actively exploring the possibility of printing the copies required for Thailand (17,000) in Bangkok and that he would negotiate toward this end with interested printing plants. The group reported that, if this could be accomplished, the Bangkok leg of the MAC charter flight could be eliminated at considerable savings in air miles. Additionally, the group concluded that printing the Thailand copies in Bangkok would be a valuable trial run for this overall concept of satellite printing and, if successful, could be gradually extended to other areas.

Concerning the ability of the commercial firms to handle the printing of the newspapers, we found that, apparently after the ad hoc group's visit, one of the commercial printing firms in Thailand (the Bangkok World) had received and installed new offset presses. We visited the plant in July 1970 and inspected the presses which were received on May 19, 1970. We found that they were entirely operational. Newspaper officials advised us that the presses currently could print between 50,000 and 70,000 copies of PS&S daily and easily could be expanded to print up to 160,000 copies a day. The lead time for the expansion would be about 4 months.

Officials of the Bangkok World stated that they would welcome a contract for printing PS&S, regardless of the quantity involved, and that they would be interested in producing the other local installation newspapers of the various military commands. In addition, we found during our July visit to Bangkok that The Bangkok Post was also very interested in printing PS&S.

The ad hoc group reported that operating personnel at various installations believed that the charter flight was needed to handle other cargo. MAC officials told us, however, that the cargo could be shifted to existing flights without procuring additional airlift.

The ad hoc group reported, in addition to the findings and conclusion previously mentioned, that several of the suggestions that we made in our earlier report concerning administration and supervision of PS&S already had been implemented. For example, the Commanding General, U.S. Army,

Japan, no longer has direct supervision of PS&S, but this responsibility has been delegated to the Commanding General, U.S. Army, Pacific. Also, the Commander in Chief, Pacific, now has overall responsibility for the establishment of policy and the conduct of management analysis.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Significant savings can be achieved by printing PS&S and unit newspapers at some point closer to the area of distribution. Relocating the printing would reduce the use of premium air transportation to deliver about 15 tons of newspapers daily.

Unless the withdrawal of U.S. Forces from Southeast Asia is immediate and complete, we believe that there will be a need to distribute a large number of PS&S and unit newspapers in Vietnam, Thailand, Taiwan, and the Philippines for some time to come. We believe that our work since the President's announcement of troop withdrawals from Vietnam demonstrates the feasibility of realizing significant savings regardless of whether the need for newspapers in Southeast Asia is for a short period or for an extended one.

In our opinion, use of commercial facilities to print the newspapers offers an opportunity to immediately reduce the distribution costs and to eventually eliminate the flight chartered specifically to transport the finished newspapers from Japan. This opinion was confirmed by a DOD study group which also concluded that commercial printing was feasible although, at the time of its review, none of the firms visited had the capability to do the work. A candidate printing firm, however, has recently received and installed new printing presses capable of producing the required number of newspapers daily.

The transition to commercial printing should not impair DOD's ability to provide timely, comprehensive, and objective news to military personnel and at the same time should provide DOD with an opportunity to reduce significantly its cost of distributing PS&S.

RECOMMENDATIONS

Exploring the possibility of having a commercial firm print some of the newspapers is, we believe, insufficient. If the potential savings are to be realized, prompt and positive action is needed to shift the printing of most of the copies destined for Southeast Asia.

Therefore we recommend that DOD begin negotiating with qualified commercial firms in Southeast Asia for the required printing service. Where costs are favorable, we recommend that the printing be shifted to these firms as expeditiously as possible.

CHAPTER 5

SCOPE OF REVIEW

Our review included an examination of records relating to the cost of printing PS&S newspapers in Tokyo, Japan, and to the cost of distributing the newspapers in Southeast Asia; discussions with officials of PS&S, Tokyo office; discussions with responsible transportation officials; and discussions with representatives of various commercial printing firms in Southeast Asia.

The fieldwork was done at the following locations.

Tokyo, Japan:

Office of Pacific Stars and Stripes

Hong Kong:

Office of American Consulate

Saigon, Vietnam:

Joint U.S. Public Affairs Office

Pacific Stars and Stripes Distribution Center

Tan Son Nhut Air Base, 834th Air Division

377th Base Construction Engineers, Real Estate Division

Commercial printing firms

Bangkok, Thailand:

American Embassy

Office of the Bangkok World newspaper

APPENDIXES



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

16 JUN 1970

MANPOWER AND
RESERVE AFFAIRS

Comptroller General of the United States
United States General Accounting Office
Washington, D. C. 20548

Attn: Director, Transportation Division

Dear Mr. Sullivan:

This is in response to your letter to the Secretary of Defense, file T-OD-F-545, dated March 4, 1970, which enclosed a study pertaining to the cost of airlifting the Pacific "Stars and Stripes" newspapers from Japan--its place of printing--to its ultimate readers in Southeast Asia (OSD Case #3088).

Subsequent to the receipt of your letter transmitting the report, and with the concurrence of representatives of your office obtained at a meeting on March 19, 1970, the Commander in Chief Pacific (CINCPAC) was directed to establish an ad hoc study group, independent of representatives of Pacific "Stars and Stripes," to review the substance of your report, to study the matter comprehensively, and to report findings and recommendations to the Department (copy attached).

A thorough and detailed examination of this report reveals the following conclusions and recommendations:


1. That CINCPAC is cognizant of the problems of printing and distribution of Pacific "Stars and Stripes" and shares the concern of GAO and the Department of Defense over the high cost of distribution.
2. That CINCPAC will continue to make every effort to find the optimum solution with concomitant reduction of costs without diminution of service.
3. That at the present time, the establishment of a satellite printing plant or contracting with a commercial source appears infeasible for the specific reasons outlined in the report.

4. That funding for this particular flight by CINCPAC appears unwarranted and is not compatible with existing funding practices and procedures and would, most likely, result in increased man-hours and additional cost with no identifiable improvement in managerial control.

It is the position of the Department that Pacific "Stars and Stripes" as well as European "Stars and Stripes" serves a unique command information and morale requirement by providing timely, comprehensive, and objective news and entertainment to our military personnel. The desirability of keeping our military personnel informed is axiomatic. The paramount consideration to the Department is to be able to continue this service on a dependable basis at the least cost to the government.

Currently, it appears that the use of a dedicated charter flight provides the optimum balance between cost and mission accomplishment.

Sincerely,



W. P. Mack
Vice Admiral, U.S. Navy
Deputy

Attachment

REPORT
of
AD HOC STUDY GROUP
of
COMMANDER IN CHIEF PACIFIC
to
ASSISTANT SECRETARY OF DEFENSE (M&RA)
pertaining to
Savings in the Cost of Distributing the
Pacific Stars and Stripes
Newspaper

May 4, 1970

Subj: GAO recommendations to effect savings in the cost of distribution of Pacific Stars and Stripes

Ref: (a) GAO ltr T-OD-F-545 of 4 Mar 70
(b) SECDEF 201623Z Mar 70
(c) OASD/M&RA(IAF) ltr, Subj: GAO Study of PS&S Facilities,
29 Nov 68

1. Reference (a) is a draft Government Accounting Office (GAO) report concerning the re-evaluation of the centralized printing operation of Pacific Stars and Stripes (PS&S). The report recommends the establishment of a satellite printing plant close to the majority of troops in South East Asia (SEA) or the contracting of printing of PS&S newspapers for the troops in SEA in an effort to eliminate the cost of a MAC-charter commercial flight. This MAC-charter flight, World Airways W-199, distributes the PS&S newspapers from Tokyo to Vietnam, Okinawa, the Philippines, Thailand and Taiwan, at a current cost of \$5.1 million annually. This satellite plant or contract plant would print from reproduction mats supplied by PS&S, Tokyo and would print those copies of the paper destined for SEA distribution, approximately 150,000 copies of the 230,000 printed daily.
2. The GAO report also recommends that the funding of PS&S transportation costs be transferred to PACOM appropriations level for funding rather than at the industrial fund level, which is now employed.
3. Reference (b) requested that a task force study the GAO report and provide OASD/M&RA(IAF) with their findings and suitable recommendations.
4. In accord with reference (c) which expressed concern over the high cost of transporting PS&S newspapers from Japan to SEA, CINCPAC has continually kept this problem under review. On 16 September 1969, the new Public Affairs Officer, CINCPAC, requested a study to determine if another method of transporting PS&S was feasible. The resultant report indicated that the use of C-130 airlift for the same requirement would result in a \$5.2 million annual cost and, at the same time, degrade the delivery of the newspaper to an unacceptable degree. C-130 airlift would require 31 hours plus the time necessary for two crew changes and five refueling stops for the complete trip versus the 17 hours for the present World Airways 727 charter.

BEST DOCUMENT AVAILABLE

5. The GAO recommendation for printing closer to the majority of troops located in SEA encompassed two approaches; the first being the location of an existing building or facility which could be used to house a printing press and the second, that of contracting with a commercial firm for the printing of the necessary papers. Both approaches envisioned using reproduction mats, produced in Tokyo, and flown to the satellite printing plant by the most expeditious means,

6. The use of an existing building or facility was investigated and found not feasible for the following reasons depending on the geographical area involved:

a. Philippines. Present classified actions concerning U. S. military forces in the Philippines negate any increase in U. S. civilian or military manpower. This manpower would be required for a satellite plant.

b. Okinawa. No facilities available because of the growing concentration of U. S. troops. Building space is at a premium.

c. Taiwan. No facilities available at the time of this report to accomplish this task.

d. Thailand. Embassy personnel indicate that host country sensitivity toward increased American presence in Thailand would make it extremely difficult to obtain approval for any large number of Americans. No U. S. facilities exist as all bases are Thai.

e. Vietnam. Continuing redeployment and shifting of U. S. troop dispositions, lack of skilled indigenous labor, difficulty in obtaining skilled U. S. civilians if this operation were located in an isolated area or an area protected only by Vietnamese Armed Forces, all negate selection of Vietnam as a site for this operation.

7. A detailed on-site survey was conducted by a task force to ascertain whether existing commercial printing plants could be located in areas adjacent to or within SEA which could print the number of copies required for distribution to Thailand and Vietnam, at a minimum, and additional editions if feasible. The Philippines was not surveyed because of the distance (60 miles) from the nearest major printing area, Manila from Clark Air Force Base from where the papers would be air transported. Present political unrest was also considered.

8. On Okinawa, only one web off-set printing press of the type required to print approximately 120-150,000 copies daily of a 24-page tabloid from reproduction mats provided by PS&S was supposedly available. The alleged owner, Mr. Ikemiyadi, was contacted and expressed interest in obtaining the contract to print PS&S. When the task group asked to see the press they were informed that the press was under litigation and locked in a building owned by another individual. They were further informed that they could not enter the building because a union was conducting picketing action around it. There is no assurance that a press actually exists. The possibility is that the supposed owner would, once a firm contract was obtained, then institute action to obtain a press.

9. On Taiwan, knowledgeable American and Chinese personnel were contacted concerning the availability of web off-set printing presses. Only one press in Taiwan is capable of printing the number of copies required, and that is the China Times. When contacted, representatives of the China Times stated that they would not be interested in obtaining a contract until the end of this calendar year as all press time was fully committed. The Retired Serviceman's Association on Taiwan indicated interest in such a contract, but again, no actual press was visible and representatives stated they could not be ready for three months after being given a firm contract. Because of the continuing redeployment of troops from SEA, PS&S cannot give a firm printing contract for any considerable number of copies that far in advance.

10. A detailed study was made of printing facilities in Thailand as the GAO report singled Bangkok out as the most likely place for effecting a commercial contract for printing the SEA copies of PS&S. Mr. Coffey, USIS; Mr. Norman Smith, Economic Officer, American Embassy; and Mr. Joe Snyder, Press Officer, Political-Military Department, American Embassy, were contacted concerning the problems of letting such a contract in Thailand. No great difficulty was envisioned by any of these individuals. However, an on-site visit to the available printing facilities in Bangkok developed information that varied from the GAO report. Three printing plants were inspected and the following information obtained:

a. Bangkok Post. This British-Canadian oriented English language newspaper publishes 15,000 copies daily on a web off-set press. In discussions with Mr. Michael J. Gorman, managing director of the Post, it was determined that the Post was not capable of printing the number of copies of PS&S required without using other printing establishments or exceeding the time allotted to effect delivery of the paper to Vietnam while it was still timely.

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b. Bangkok Daily News. This Thai language newspaper is printed on a web off-set press by the Pra Choom Chang Ltd. Mr. Saeng Hetrakul, owner, and Mr. Choochai Pysansukpipat, sales executive, were contacted and indicated that the company does not have sufficient press time to print the required number of copies. They stated that the company would be interested when their new equipment, now on order, arrived. Delivery time is at considerable future date.

c. Bangkok World. According to sources in Bangkok, this English language paper, printed in approximately 15,000 copies daily, is partially owned by a combine consisting of the Lennon interests, Mr. Chinn Ho, Hawaiian financier, and other Americans. An Italian-Thai combine also has a considerable interest. At the present time, the Bangkok World is totally incapable of handling all, or any part, of the PS&S task. The only press available is a 50 to 60 year old press brought to Thailand by the Japanese in 1942 to print propaganda pamphlets. The press incurs frequent breakdowns and approximately 3-5 hours are required to print the 15,000 copies of the Bangkok World. New presses are on order, according to Mr. Horgan, the managing editor. The building being constructed to house the new press has limited warehousing facilities, transportation within the company area and adjacent thereto is very limited, and no provisions are evidently being made to train personnel in the operation of the new press now on order. (In contrast to this, both the Post and Daily News have sent personnel to the U. S. , Australia, or Britain to learn the operation of the presses they have or expect to obtain.) To enter into any contract with the expectation that a firm starting date could be set would be unrealistic.

11. Two real problems exist in relocating part of the printing operation to any area in SEA, one being the problem of customs and business taxes for the import of newsprint and ink, the other being the political reaction or sensitivity to printing a portion of a paper which might, on occasion, have wire service reports which are critical of the government where the printing takes place. Even though material is supposedly clear for entrance into the country, long periods of delay can develop. A delay of any sort is fatal to delivering timely news to the troops.

12. The final GAO recommendation, that PS&S transportation costs be funded from PACOM appropriations assumes that the entire cost of the MAC charter aircraft is chargeable to PS&S. Actual observation of the

operation of this charter indicates that MAC movement personnel are utilizing nearly all the available space to move other cargo, such as whole blood to Vietnam, NORS-G material, registered mail. All MAC and other air movement personnel contacted in Japan, Okinawa, and Thailand expressed a deep interest in the continuation of this flight. The MAC officer on Okinawa stated that it was the only dependable means of moving material from Okinawa to Clark AFB in the Philippines. The World Airways W-199 flight was observed on arrival at Don Muang Airport, outside of Bangkok, Thailand. It was carrying two pallets of mail, a pallet of NORS-G material had been put on at Cam Ranh Bay to replace the pallet of PS&S off-loaded, and pallets of other material were replacing PS&S at other stops. MAC personnel at Yokota AFB, Japan stated that the flight was returning to Japan with cargo on every pallet on nearly every flight. Thus the GAO report, charging PS&S with the full cost of the charter, does not consider the interim stop utilization by MAC personnel nor the fact that material is being retrograded from Vietnam to Japan on the last leg of the flight. To fund this particular charter from the unified command level, while other charter flights remain funded from the industrial fund level, appears incongruous. If funded from PACOM, pro-rata costs for each activity utilizing the flight would be necessary and many man-hours required to maintain statistics and allocate costs among users, e.g., mail, NORS-G, couriers, whole blood, etc.

13. CINCPAC shares the concern of GAO and ASD/M&RA(IAF) over the high cost of newspaper distribution and will continue to make every effort to reduce such costs. At the present time, though, the GAO recommendations to locate a suitable facility to house a PS&S press for satellite printing or to enter a contract with a commercial printer appear infeasible as outline above except at considerable cost in delayed delivery or interrupted service. Prospects may improve in the future if the troop population continues to decrease in SEA and commercial printing facilities in SEA countries continues to improve.

14. The GAO recommendation of satellite commercial contract printing, utilizing reproduction mats from the PS&S plant in Tokyo is feasible and has much merit. At the present time, presses are not available which could accommodate the entire press run required for the Vietnam edition. CINCPAC is actively exploring the possibility of printing the number of copies required for Thailand (17,000) in Bangkok and will conduct negotiations toward this end with interested printing plants in Bangkok when their new presses are operational. If this can be realized the MAC

charter flight can eliminate the present Cam Ranh Bay-Bangkok-Saigon leg, flying straight to Saigon from Cam Ranh Bay, at a considerable saving in air miles. MAC has been requested to supply the estimated savings under this change. Additionally, printing the Thailand copies in Bangkok would be a valuable trial run for this overall concept of satellite printing and, if successful, the concept could be gradually extended to other areas.

15. Moving the level of funding for this particular charter flight from the industrial fund level to PACOM would not result in any monetary savings and would result in considerable additional clerical record keeping. As all of the costs could not be charged to PS&S, various agencies within PACOM, and several external to PACOM, would have to be charged their proportionate share.

16. Several of the suggestions made in an earlier GAO report concerning administration and supervision of PS&S have already been implemented. The Commanding General, U. S. Army, Japan, no longer has direct supervision of PS&S, but this responsibility has been delegated to the Commanding General, U.S. Army, Pacific. Also, the Commander in Chief, Pacific, now has overall responsibility for the establishment of policy and the conduct of management analysis.

Attachments

Refs (b) & (c)

PRINCIPAL OFFICIALS
OF THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENTS OF THE ARMY,
NAVY, AND AIR FORCE RESPONSIBLE
FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Melvin R. Laird	Jan. 1969	Present
Clark M. Clifford	Mar. 1968	Jan. 1969
Robert S. McNamara	Jan. 1961	Feb. 1968
DEPUTY SECRETARY OF DEFENSE:		
David Packard	Jan. 1969	Present
Paul H. Nitze	July 1967	Jan. 1969
Cyrus R. Vance	Jan. 1964	June 1967
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS):		
Barry J. Shillito	Jan. 1969	Present
Thomas D. Morris	Sept. 1967	Jan. 1969
Paul R. Ignatius	Dec. 1964	Aug. 1967
<u>DEPARTMENT OF THE ARMY</u>		
SECRETARY OF THE ARMY:		
Stanley R. Resor	July 1965	Present
Stephen Ailes	Jan. 1964	July 1965

Tenure of officeFromToDEPARTMENT OF THE ARMY (continued)ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND LOGISTICS):

J. Ronald Fox	June 1969	Present
Vincent P. Huggard (acting)	Feb. 1969	June 1969
Robert A. Brooks	Oct. 1965	Feb. 1969

DEPARTMENT OF THE NAVY

SECRETARY OF THE NAVY:

John H. Chafee	Jan. 1969	Present
Paul R. Ignatius	Sept. 1967	Jan. 1969
Charles F. Baird (acting)	Aug. 1967	Aug. 1967
Robert H. B. Baldwin (acting)	July 1967	July 1967
Paul H. Nitze	Nov. 1963	June 1967

ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND LOGISTICS):

Frank K. Sanders	Feb. 1969	Present
Barry J. Shillito	Apr. 1968	Jan. 1969
Vacant	Feb. 1968	Apr. 1968
Graeme C. Bannerman	Feb. 1965	Feb. 1968

DEPARTMENT OF THE AIR FORCE

SECRETARY OF THE AIR FORCE:

Robert C. Seamans, Jr.	Jan. 1969	Present
Dr. Harold Brown	Oct. 1965	Jan. 1969
Eugene M. Zuckert	Jan. 1961	Sept. 1965

ASSISTANT SECRETARY OF THE AIR
FORCE (INSTALLATIONS AND LOGIS-
TICS):

Philip N. Whittaker	May 1969	Present
Robert H. Charles	Nov. 1963	May 1969

Tenure of office
From To

DEPARTMENT OF THE AIR FORCE (continued)

COMMANDER, MILITARY AIRLIFT COM-
MAND:

Gen. Jack J. Catton	Aug. 1969	Present
Gen. Howell M. Estes, Jr.	July 1964	July 1969