

**BOOK REVIEW** 

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*A History of Government Contracting* (2<sup>nd</sup> ed.), by James F. Nagle (Washington, DC: The George Washington University Press, Government Contract Program, 1999, paperback, ISBN: 0-935165-69-X, 605 pages, US\$65.00).

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The book, written by an expert in government contracts, examines the evolution of public contracting, beginning during the French and Indian Wars and continuing to the present. Drawing extensively upon major events in U.S. weapons acquisition, the author presents efforts of the federal government to reorganize contracting agencies, reform the contracting process and search for a proper government-contractor relationship.

The book contains 23 chapters, each of which describes an important event, a turning point, or a trend in military contracting, civilian contracting, the contracting process or a contracting reform. Military contracting serves as the main focus for 17 chapters. The federal government has issued contracts to acquire everything from 12-pounders cannons used in the Revolutionary War to today's intercontinental ballistic long-range missiles carrying weapons of mass destruction. Military contracting commands the center stage of American federal procurement, and military enterprise has been vitally important to America's status as an industrial and world power. The relationship between military contracting and nation-building has been recognized in various historians' works including that of Geoffrey Perret, "*A Country Made by Wars: From Revolution to Vietnam: The Story of America's Rise to Power.*"<sup>1</sup>

If war has been the Genesis of technological invention, then military contracts have been the driving force of industrial development since the



birth of the country. When the Civil War began, Christopher Spencer was learning the rifle production trade. However, as soon as the Navy's acquisition of 700 breechloading repeating carbines and rifles which he patented in 1861, he established a company, the Spencer Rifle Manufacturing Company (p. 184). Expanding its production capacity to meet government demand, his company had sold to the government over 12,400 Spencer rifles, 94,200 Spencer carbines and 58,238,000 Spencer cartridges by the war's end (p. 185).

In addition, wars have served as a tough test for the efficiency and effectiveness of the contracting system. At the beginning of every war, a gap between demand and supply of war materials occurs resulting in the issuance of a great number of contracts, often poorly conceived and constructed. These contracts often result in chaos and prolong going-on war lethargy. The unexpected problems of contractors in supplying shells, gun powder, carbines, etc., often prompts a frenzy of poorly coordinated activities, creates near-panic circumstances, or becomes the price of survival for a governing political party, an administration or even a sovereign state.

This problem is often further compounded by contracting fraud and corruption. The access to large sums of money in wartime, with relatively scant executive or legislative oversight, has brought out the venality in unscrupulous contractors and crooked contracting officials. Over the years, staggering sums, greed, negligence, defects in the contracting process, or any combination of these factors has been at the heart of contracting scandals. To contractors, winning a certain military contract, whether to produce canons in the Revolutionary War or to upgrade the flying range of airplanes in the Second World War, has been the difference between financial success and bankruptcy. This explains why many contractors have committed horrendous acts such as providing decayed food or defective weapons for soldiers in battlefields.

The book pays scant attention to civilian contracting: only two chapters are devoted to this topic, one concerning mail delivery and the other the construction of the Hoover Dam. Delivering mail has been the federal government's obligation since the birth of the Republic, and this service has dramatically affected the country's transportation industry. The Post Office has usually been the first government agency to try new transportation methods, such as stagecoach, steamboat, railroad, truck or airplane, in an effort to deliver mail faster and more efficiently. Throughout America's history, the transportation industry has been

supported by mail-carrying contracts. These contracts, however, were not lucrative or accepted as warmly as their military counterparts. Many contracts, like those requiring crossing the plains in the 1850s, involved as much danger as any military operation. During this period, no less than 22 Indian “wars” were fought. Mail contractors regularly appealed for their losses due to wars and raised their annual prices (pp. 151-152). This type of mail subsidies, for this reason, often meant the difference between survival and failure for mail contractors.

The Bureau of Reclamation’s construction of the Hoover Dam in 1931 to harness the tremendous power of the Colorado River is another example of civilian contracting in Nagle’s book. The \$50 million contract was the largest single contract ever signed by the federal government (pp. 364-367). The dam exemplifies the use of infrastructure projects to solve social problems. Besides providing needed electricity for the region, the project was designed to alleviate unemployment during the 1929-1935 depression.

Of great interest to public administrators concerned with the paper-laden nature of government contracting is Chapter 22, “The Modern Era: A Sea of Paper Work.” The Wright Brothers’ simple three-and-one-half page contract is today as much a museum piece as a Whitey’s musket. Contracts now incorporate, by reference, numerous specifications, clauses, and other requirements. If an attorney compiled all the legal documents included by reference, he would have a stack of paper six feet high (p. 486). The explosive growth of procurement regulations suffocated the discretion of contracting officers because they were told in minute detail how to perform their duties. This growth was not a boon for contractors who despised how the government intruded on their inner workings. When the procurement regulations were only several pages long, it mattered little whether they were viewed as instructions or as law. Contracting officials operating with so few regulations and broad discretion were fairly invulnerable to contract protests or lawsuits. On the other hand, when procurement regulations increase, the odds for confusion also increase. Greedy contractors or unsuccessful bidders are inclined to challenge procurement decisions by seeking help from contract attorneys who make their living sorting through these convoluted contracting regulations.

Government contracting reform is the focus of the last chapter. In the late 1980s and early 1990s it was evident that the federal procurement system, because of its procedural rigor, had become too complex and

unwieldy to achieve its goal of efficiency, effectiveness, and integrity. Procurement officials have focused exclusively on inputs (more regulations, expenditures, manpower), while ignoring outcomes (quality and the usefulness of the purchased services and products). This problem has triggered continuous reinventing efforts. A common thread of these efforts is a new contracting system which is result-oriented but not process-driven; as a result, all important aspects of a government contract are to be structured around its purpose as opposed to how the acquisition is to be performed.

*A History of Government Contracting*, one of the few solid books in the government contracting field, is meticulously documented and well written. An insightful introductory chapter sets the stage by calling attention to the remarkable common thread woven through the apparently disparate chapters and seemingly unconnected events they depict. This common thread constitutes the main thesis for the book: “a history of government contracts is a chronicle of the country’s changing goals and needs” (p. 1); or put differently, all important government contracts reflect the country’s top priorities and connect with one or more national or international events occurring simultaneously. The thesis is more plausible than most people, including public administration scholars and procurement officials, realize. One need not be a military historian to recognize that federal procurement outlays during different periods of the contentious Cold War, for example, reflect the country’s most important priorities that are contemporaneous with the objectives set forth in the government contracts (chapters 20 and 21).

As a gatherer of historical facts, notably military contracting documents, Nagle is thorough indeed; his meaningful explanation of them is especially impressive. Intriguing ideas implied in these facts (for instance, price gouging is not the offense committed only by industrialists, as small farmers did not miss the opportunity to hike their prices when the Independence War took place; or contract litigiousness increases as industrialization proceeds) are sprinkled throughout the book. These ideas deserve the attention and appreciation of contracting officials.

The book takes one step forward in informing public administration scholars and procurement officials of the recurring problems of government contracting from the country’s birth to today: military-industrial complex, price gouging in war contracts, conflicts of interest, favoritism in awarding contracts, competition and fixed-priced contracts,

and contracting process reform. The book fills the gaps in our understanding of the relationship between legislative intents of contracting statutes and their actual implementation by providing a comprehensive and systematic description and assessment of the historical environment in which contracting officials lived and worked. The environment is pictured as a varying one characterized by pressure, panic, frustration, desire to better, honest mistake, negligence, greed, corruption, and fraud. In addition, the mere fact that the same problems that hindered the country's efforts in its Independence War continue bedeviling the federal government today offers a valuable lesson to reform-minded contracting officials.

The work is not, however, without problems. Writing history books involves selectivity, that is, decision to include or exclude historical facts on the basis of a certain event to be accounted or a point to be presented. The main thesis of the book is supported by such historical themes as the military-industrial complex, price gouging in war contracts, favoritism in awarding contracts, etc. These themes should serve as guides for selecting the contracts to be included in the book and then the historical facts to illustrate the theme underlying each contract. Given the abundance of government contracts, it appears logical to include one or two contracts to illustrate one theme. It does not make much sense to select many contracts to illustrate just one theme and ignore the others; neither is it justified to choose a number of contracts without considering their specific themes. The author appears to delight in including all important, controversial contracts and their significant facts without weighing their thematic values. As a result, many chapters in the book are just a mixture of general American history with military history, without much interest to students of government contracting. Chapters 9 and 10 are cases in point.

The book suffers on another account. There is very little regard for the use of government contracts as a policy measure to further socio-political objectives. More attention should be given to this matter and this suggestion is justified on two grounds. First, due to its sizable outlays, government contracting is a significant policy instrument for achieving full employment, competition, social equity, etc. Indeed, nowhere is this policy instrument more definitively presented and implemented than in government contract clauses. Second, the politics of rights of the 1960s and 1970s is one of the reasons that have rendered the contracting system overwrought with tension between its economic goal

(of efficiency and effectiveness) and socio-political goal (of fairness). The tension still ostensibly persists and is calling for a sensible solution which requires in-depth knowledge of unintended outcomes and distributional impacts of government contracts. If any area of the government contracting field ever attracts more attention from policy analysts, distributive justice theorists, sociologists, and political scientists, the socio-political goals of government contracts will certainly be the one.

The book encounters another problem. Accomplishing an enterprise of the magnitude of *A History of Government Contracting* is a great achievement; readers are, however, left wondering why state government contracts with their importance and problems similar to those of federal contracts are totally absent from the volume. Since federal contracting processes and reforms (such as the performance-based contracting practice) have had far reaching impacts on states, one or two chapters on state government contracts in relation to the evolution of the federal contracting system, for example, would be appropriate. The exclusion of state government contracting together with the brevity of civilian contracting is quite disappointing.

Despite these criticisms, the book is an important work. Written with style and energy, it is stimulating in its use of historical facts and in its engaging in a line of research which deserves further pursuit. Nagle has done a great service. His wit and insight will give the field of government contracting additional appreciation.

#### NOTE

Perret, G. (1989). *A Country made by wars: From revolution to Vietnam: The story of America's Rise to power*. New York: Random House.

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