

Senator Robert MORGAN



Report to the People

One of the biggest headaches to those members of Congress who are trying to get a handle on government spending is the "cost overrun" problem at the Department of Defense.

Part of this can be blamed on inflation, but not all. All too frequently these extra costs are incurred because people in the Pentagon simply fail to use good management to control spending.

Comes now the Cruise Missile, which we must have as a substitute for the B-1 bomber. The Senate Armed Services Committee has found that things are no better, as far as management and costs are concerned, than they have been with previous programs.

In requesting funding for next year, the committee was told by the Department of Defense that the first 36 missiles would cost \$94 million, more than twice the estimated \$44.5 figure which was given the committee last year.

In presenting the new, higher figure, the Pentagon accepted at face value the claims of contractors that the cost must double.

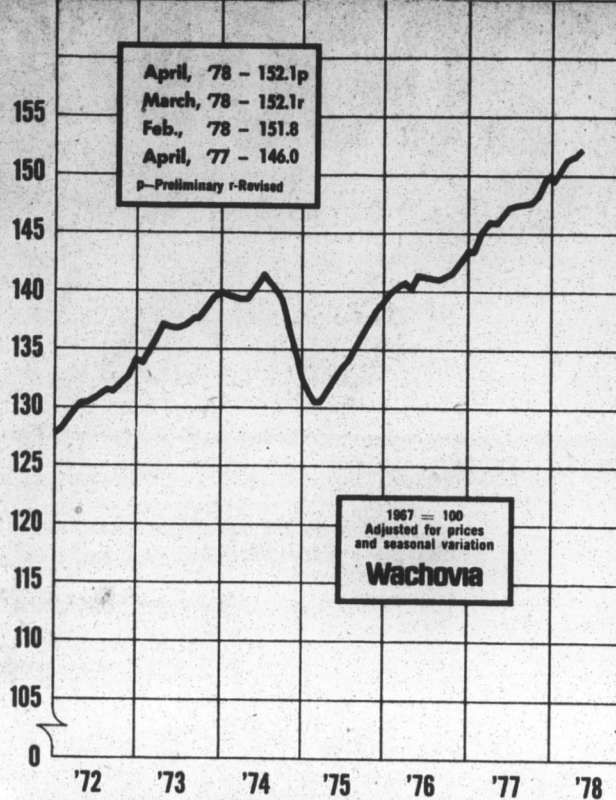
This disturbed me and other members of the committee because it shows loose management control over the Cruise Missile program. Because of this situation, I proposed that the committee's concern be stated plainly in the Defense budget authorization for Fiscal 1979.

"The committee is deeply disturbed," our report states, "that the Department of Defense has not exercised closer management control over the cost and program direction of this vital strategic system."

"The committee advises the Department of Defense that it is unacceptable to continue the poor management oversight of this Cruise Missile program. The committee expects the Department of Defense to take actions necessary to immediately define a firm program direction and obtain supporting cost data to justify this program direction."

A strong national defense is certainly necessary in today's world. But the billions that are spent for that defense should be handled with sound management and a minimum of confusion caused by lack of direction. That was the committee's intent by placing the strong warning in the budget.

One other thing in connection with the Cruise Missile. The Pentagon proposed to spend \$18 million to deploy missiles on two B-52 bombers in advance of full development. They would have had no strategic value and the whole thing looked like a public relations effort. At my suggestion, this proposal was turned down and \$18 million was saved.



North Carolina Business Index

The level of business activity in North Carolina during April was unchanged from the month of April following a period of strong growth during the first quarter of 1978, according to the Wachovia Business Index.

A gain in average hourly earnings in manufacturing industries offset losses in non-farm employment and manufacturing manhours.

A decline in non-farm employment resulted from losses in both manufacturing and non-manufacturing employment. In manufacturing employment, durable goods industries experienced a gain of 0.1 per cent, while employment in non-durable goods industries was down 0.5 per cent. The employment decrease in the non-manufacturing sector was largely due to a decline in contract construction employment. Trade, services, and government registered employment gains.

The seasonally adjusted unemployment rate was 4.2 per cent in April, unchanged from the March level. The national rate for April was 6.0 per cent, compared to 6.2 per cent in March. The unadjusted unemployment rate for North Carolina was 4.0 per cent in April.

Car and truck sales were up appreciably from the sluggish March sales. Year-to-date, car sales are down 3.3 per cent, while truck sales are 7.8 per cent above the total for the first four months of 1977.

The Wachovia North Carolina Business Index measures the level of activity in North Carolina on a monthly basis. Using 1967 as the base of 100, it reflects indicators of employment, production and spending in the state's economy. All figures are adjusted by Wachovia-calculated factors for expected seasonal fluctuations.

The Index has been published by Wachovia Bank and Trust Company for over a decade as a measure of the economy.

Postal Exams Scheduled For June

Postmaster James M. Bond has announced that clerk-carrier exams will be given during the month of June and urged that all those interested apply to take the job-related tests that can lead to Postal Service employment.

"We have not opened our register since March 28, 1975, and an examination of

it led us to believe that it is out of date, and that many of the names on the register are people who have moved or for some reason are no longer available to take postal jobs," Bond said.

"I do not want to give the impression we will be hiring great numbers of people in the coming months," the

postmaster said. "I anticipate approximately two vacancies will occur in the next two years that will be filled by hiring people from our up-dated job register. We need qualified people who will be willing to accept employment, and we want to offer people in the local community the chance to compete for these openings

by signing up for and taking the exams."

The postmaster said the Postal Service established the policy two years ago of extending eligibility indefinitely for those on the job register because little hiring was being done. "On October 8, 1978, those who have been on the job register for more than two years will lose their eligibility. They will have to reapply to compete for a standing on the new register," he said.

Postmaster Bond explained those wishing to take the exam must apply during the period between May 30, and June 5. Applications for the exam may be secured from one of the Post Offices which will be establishing registers with this examination. Post Offices which will be establishing registers are Ahoskie, Edenton, Elizabeth City, Hertford and Plymouth. The exam will be given during the month of June in Elizabeth City.

Beef Producers Take Loss

It is no secret that the price of beef is on the rise, a fact that any supermarket shopper will confirm.

"What that shopper may not realize, however, is the fact that from 1975 through 1977, the man who raised that beef was doing so at a loss of around \$5 to \$10 per hundred pounds," according to Jimmie M. Parrish, president of the Chowan County Farm Bureau.

Parrish pointed out that while consumers were enjoying a plentiful supply of beef at very economical prices, cattle producers were caught in a severe economic squeeze, which caused many to reduce or sell off their entire herds.

The local Farm Bureau leader explained that in order to cut their losses and attempt to get back on solid financial ground, producers begin in 1975 to cut back the size of their herds. This has now reduced beef supplies, which, according to the basic economic law of supply and demand, has

resulted in somewhat higher prices to the cattleman and higher beef prices to the consumer.

Parrish said beef producers desperately need higher returns in order for them to stay in business.

He said this "cattle cycle" will continue as producers now add to their herds because of the prospect of higher prices. The result will be more beef and the

Retains Post

RALEIGH — James Martin of Edenton has been re-elected president of the N.C. Association of Municipal Electric Systems. He was chosen for a second term during the group's annual meeting held in Raleigh.

Lunch Menus

Friday will be the last day cafeterias in Edenton-Chowan Schools will operate. The menu is:

Hamburger on bun, french fries, ketchup, mustard, tossed salad, rice pudding and milk.

possibility of lower prices to consumers.

"Consumers are not really spending any more for beef, relative to their increasing incomes," Parrish said. "The percent of consumers' take-home pay spent for beef has averaged consistently between the current low of 2.1 per cent and a high of 2.8 per cent since the U.S. Department of Agriculture began keeping statistics on this in 1949. At the same time, the average person's consumption of beef has risen steadily."

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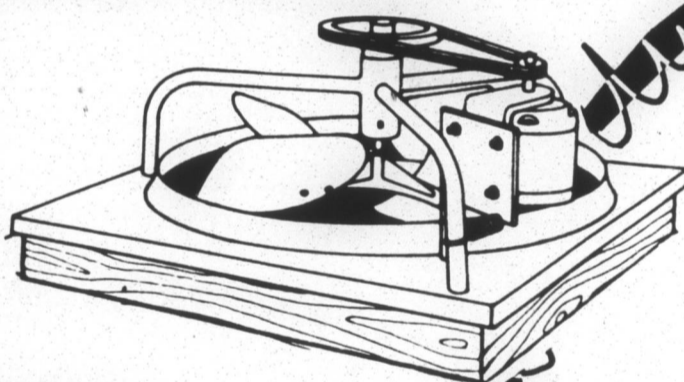
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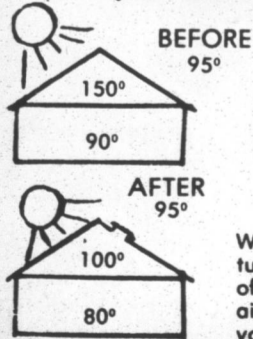
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