
NONFICTION IN BRIEF

GOVERNMENT BY CONTRACT

By John D. Hanrahan.

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By RICHARD J. MARGOLIS

As John D. Hanrahan reminds us in "Government by Contract," the transfer of public dollars to private hands is an old American custom. George Washington complained that "those who had prospered on wartime contracts now rolled about Philadelphia in gaudy coaches" while the Continental Army "survived on half rations, slim supplies, and often no pay." Since World War II, however, a relatively modest custom has grown into a king-size addiction. Nearly one-fourth of today's Federal budget goes for services or alleged services rendered by private contractors.

Mr. Hanrahan's main concern is with the lack of accountability in government. Many of the deals he explores were conducted in a bureaucratic twilight, beyond the view of Congress or the public, and he labors manfully to bring the shadowy statistics to light. Although he could find "no reliable figures on how much waste there is in government contracts, some private estimates place the figure as high as \$20 billion a year." The chief offenders appear to be the Pentagon, which Mr. Hanrahan dubs "The Open Money Sack," and the Department of Energy, which in fiscal 1980 "awarded \$9.6 billion in contracts out of its total budget of \$11 billion."

The examples here suggest that we often pay for services we could do without. A contractor's study for the Department of Energy, for example, recommended that only people over 40 be allowed out of their air raid shelters to search for food and water after a nuclear attack, the theory being that younger people would have more to lose from radiation poisoning.

Mr. Hanrahan makes several recommendations for Congressional action to cut down abuses, but he is not hopeful that we will ever kick our contractual habit. As he points out, even President Reagan, who came to Washington as the sworn enemy of "fraud, waste and abuse in government," has

proved a disappointment. On his first day in office, Mr. Reagan fired all 15 Federal inspectors general and their deputies, "the chief watchdogs over Federal waste." It was five months, the author adds, before he nominated any replacements.
