

INDEX—WAR CONTRACT TERMINATION (PART II)*

ACCOUNTING PROBLEMS

Directive establishing principles for cost determination by contractual agreement, 594-5; administrative statement of objectives on unsettled problems, 595; types of accounting problems, 596; basis of settlement: agreement and disagreement settlements, 596-7; what constitutes recognized commercial accounting practices, 598 ff.; inadequacy of normal commercial accounting methods as applied to termination, 599-60; exclusion of costs included in renegotiation refunds, 600; criticism of such exclusion, 600-2; elements of costs, 602 ff.; common inventory, 602; depreciation, 603; loss on special facilities, 603; experimental and research expense, 603; special leases, 603; advertising, 604; limits on aggregate overhead, 604; initial loading costs, 604; items excluded, 605; verification procedure, 605; responsibility for examining and settling subcontracts, 606; desirability of "over-all" verification and settlement, 607; work stoppage and inventorying, 608; disposal of materials, 609; methods of settlement as affecting application of accounting principles, 611; settlement expenses, 611; presentation of termination data in financial statements, 612; cost principles as affected by the Contract Settlement Act, 686 ff.

ADMINISTRATIVE AND JUDICIAL MACHINERY FOR TERMINATIONS

policy determinations, 659; Office of War Mobilization, 659; Advisory Unit for War and Post-War Adjustment Policies, 660; Joint Contract Termination Board, 660; Surplus War Property Administration, 662; role of procurement agencies, 663; congressional proposals, 663; Director of Contract Settlement, 664; proposals regarding finality of settlements, review, bases, subcontractors, General Accounting Office, 664 ff.; administration of settlements: the procurement agencies, 665; War Department set-up, 666; review of settlements, 668; role of General Accounting Office, 669 ff.; same, congressional proposals, 672; disposal of disagreements, 673; claims, suits or disputes, 673; prerequisites to filing claim or bringing suit, 675; handling of claims by General Accounting Office, 676; review by Comptroller General, 677; claims as bases of court action, 678; Congress as last resort, 679; legislative proposals for disputed claims, 680; proposed Appeal Board, 681.

ARBITRATION

settlement by arbitration, legislative proposals, 680; provisions for settlement, in Contract Settlement Act of 1944, 688.

BARUCH-HANCOCK REPORT

statement of objectives, 595; recommendations as to property disposals, 638; suggestions to the Sur-

plus Administrator, 639; views on plant clearance, 647, 656; coverage and blind spots, 661.

COMPTROLLER GENERAL (see GENERAL ACCOUNTING OFFICE).

CONTRACT SETTLEMENT ACT OF 1944

background, 683-5; Murray-George Bill, 684; principles of the Act, 685; Office of Director of Contract Settlement, 685; Advisory Board, 685; basis of settlement, 686 ff.; agreement or determination, 686; cost principles, 686 ff.; bases for reopening settlements, 687; action by a review board when over \$50,000, 687; appeals, 687; Appeal Board and the courts, 688; removal of the one-choice limitation, 688; arbitration, 688; agencies as mediators or arbitrators, 688; Court of Claims, additional commissioners and auditors, 688; interim financing, 689; removal and storage of inventories and machinery, 689; protection of smaller war contractors, 689-90; protecting subcontractor against prime contractor's default, 690; protection of Government, 690; role of General Accounting Office, 691; continuous congressional surveillance, 691; need for other reconversion legislation, 692.

DISPOSITION OF PROPERTY: CONTRACTOR-OWNED PROPERTY

as part of the contract termination procedure, 646 ff.; general objectives and policies, 646-7; common basis of dispositions and settlement agreements, 647; allocability, 647-8; assistance of prime contractors, 648; disposition procedures, 649; inventory lists, 649; standard inventory forms, 650; basic steps in inventorying, 650; breakdowns, 650; salvage and scrap, 651; review in cases involving over \$50,000; pricing policy as to scrap, 653; the buyer's covenant as to use, 653; selling procedures for usable property, 653; exploring potential purchases, 654; assistance of Government agencies, 654; pricing policies in the May 25, 1944, revision of Procurement Regulation 7, 655; blanket approval to contractors to make sales, 655; clearing of plant, 656; the 60 day rule, 656; allocation of risk under the 60 day limit, 656; specific regulations in PR-15, 656; storage at contractor's plant, 657; subcontractors, 658; provisions of Contract Settlement Act of 1944, 689.

DISPOSITION OF PROPERTY: FEDERALLY OWNED SURPLUSES

causes of surpluses, 633; World War I record, 634; Executive Order No. 9235, 635; War Department's Procurement Regulation No. 7, 637; Surplus War Property Administration: creation, background, constituency, role, 637 ff.; operating agencies in property disposition, 638; statement of policies in dispositions, 639; current disposals of

* See, also, Index to Part I of this Symposium, *supra* p. 693, contents of which are given in the Foreword of this issue, *supra* p. 561.

consumer goods, 639; stages in development of surpluses, 640; main objectives in property disposition, 641; inventorying problems, 641; recording and reporting surpluses, 642; standard detailed classification problem, 642; war plants problems, 643; extent of Government ownership, manufacturing facilities, 644; diversity of legislative proposals, 645.

EXECUTIVE ORDER No. 9235
on surplus property utilization, 636.

EXECUTIVE ORDER No. 9347
establishing Office of War Mobilization, 660.

EXECUTIVE ORDER No. 9425
establishing Surplus War Property Administration, 637.

EXECUTIVE ORDER No. 9427
establishing Retraining and Reemployment Administration, 662.

GENERAL ACCOUNTING OFFICE
contention over finality of settlements by agreement, 597; role, in proposed legislation, 665, 667, 672 ff.; review of settlements, 669; history of the office, 670; extent of legitimate concern in settlements, 670 ff.; role in handling claims, 673, 676 ff.; role under Contract Settlement Act of 1944, 691.

INTERIM FINANCING
program envisaged by Contract Settlement Act of 1944, 689.

LABOR AND TERMINATIONS
concern over income maintenance and job stability, 613; subsidiary considerations, 613; labor's rejection of "mature economy" theory, 614; contract termination as mechanism of purposeful transition, 614; post-war objectives, 615; immediacy of the issues, 616; extent of prospective demobilization, 618; the enlarged labor force, 619; technological advances, 619; concentration of war industries, 620; distress areas, 621; need for unified demobilization policy, 622; reconversion not simply conversion in reverse, 623; role of labor and management in formulation reconversion policies, 623; need for over-all legislative program, 624; Kilgore Bill, 624; labor's concern with administrative decisions, 625; distribution of terminations, 626; considerations of distribution of industrial manpower, 627; inventory of skills, 627; limitations in reconversion reserves, 628; issues of trade union policy, 628 ff.; seniority, 629; dismissal pay, 629; military service clauses in labor contracts, 631; collective bargaining and the reinstatement of servicemen, 631; needed harmonization of law, policy and termination procedures, 632.

LEGISLATION (see CONTRACT SETTLEMENT ACT OF 1944).

MURRAY BILL (see CONTRACT SETTLEMENT ACT OF 1944).

RECONVERSION COSTS

allowance, compared with direct aid for financing reconversion, 628; (in general, see Accounting Problems).

RENEGOTIATION

exclusion of costs included in renegotiation refunds from costs to be included in termination settlements, 600.

SMALLER WAR CONTRACTORS

provisions of Contract Settlement Act of 1944, 689-90.

STANDARD COMMODITY CLASSIFICATION

Technical Paper No. 26, 643.

STATUTES (see CONTRACT SETTLEMENT ACT OF 1944).

SURPLUS WAR PROPERTY ADMINISTRATION

establishment, 637; background in the Baruch-Hancock report, 638; constituency, 638; role, 638 ff.; statements on salvage and scrap, 651.

TERMINATIONS AFTER WORLD WAR I

procurement program at the time of armistice, 564 ff.; size of procurement program, 565; conversion and concentration of industry, 566; legal bases of termination of contracts, 567 ff.; divergencies as to termination clauses, 567 ff.; emergence of standard clauses, 568; bases of settlement, 569; limited statutory bases for terminations, 569; common law principles of Contract: implied power to terminate, 570; measure of damages, 571; doctrine of frustration, 571; economic policy issues, 572 ff.; abrupt vs. tapered termination, 572; no solution of post-war job dislocation, 573; legal bases and economic policies of terminations in practical operation, 574 ff.; initiation and handling of cancellation proposals, 574; cancellation left to procurement agencies, 574; impingement of industry and labor views, 575-7; recommendations of the Employment Service, 577; practical disregard of job dislocation angle, 577; rate of cancellation, 579; settlement formula and elements of compensation, absent contractual provisions, 577-80; interim financing, 580; administrative procedure, 581 ff.; difficulties over informal contracts, 582; Dent Act, 583; tightening investigative procedures, 584; problem of loss of anticipated profits: judicial decision, 586; statutory just compensation, 586; review by Department of Justice, 587 ff.; review beyond aspects of fraud, 589; list of legal points in examining wartime contracts, 589-91; lessons from World War I, 592-3.

WORLD WAR I (see TERMINATIONS AFTER WORLD WAR I).