



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

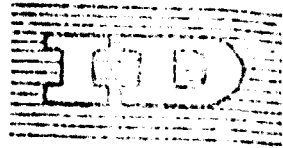
CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



D 00226



United Nations Industrial Development Organization

Organisation for Economic Co-operation and Development -
Development Centre

Expert Group Meeting on the Role and Promotion
of Subcontracting in Industrial Development

Paris, France, 6-11 October 1969

Distr.
LIMITED

ID/WG.41/23
CD/PNE(69)29

25 November 1969

ENGLISH

SUB-CONTRACTING IN THE UNITED STATES ^{1/}

(Abstract)

by

Addison W. Parris
Special Assistant to the Assistant Administrator
for Planning, Research and Analysis
Small Business Administration, Washington

^{1/} The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

SUB-CONTRACTING IN THE UNITED STATES

(Abstract)

I. Brief History of Sub-contracting in the United States

Scope of sub-contracting, relative importance, and reasons for development. Industries in which sub-contracting is an important factor in production.

II. Definition of Sub-contracting used in the United States

Relative dearth of factual information on sub-contracting in the United States; possible reasons for this. Sub-contracting is actually a specialized form of purchasing. Often referred to as the "make or buy decision". Citation of literature. Definitions of prime contractor, sub-contractor. Various categories of sub-contractors: the permanent sub-contractor, the divisional sub-contractor, the temporary sub-contractor, and the job-shop sub-contractor.

III. Sub-contracting in the Private Sector

Description of economic significance of sub-contracting in the private sector. Relative importance of small business and big business in sub-contracting. Industries where sub-contracting is a vital and integral part of production process: residential and home construction, construction of office buildings and plants, highway construction, electrical machinery, etc. The automobile industry: different philosophies of Ford, General Motors -- Alfred Sloan vs. Henry Ford.

IV. Sub-contracting in the Public Sector

Development of sub-contracting to expedite military production during World War II. Development of public policy as expressed in the Small Business Act of 1953. Procurement assistance activities of the Small Business Administration (an agency of the federal government). Extent of government procurement in the United States. The "Big Four": the Department of Defense, the National Aeronautics and Space Administration, the Atomic Energy Commission, and the General Services Administration. Importance of sub-contracting by small business on government contracts. Some qualifications: the Dynatech study (detailing the role of small and big business on the Polaris contract). The special problem of research and development contracts for small business -- dominance of fifty large contractors. The essential public philosophy towards role of small business in fulfilling procurement needs of the federal government.

V. Sub-contracting in the Airframe Industry: A Case Study

Description of airframe industry. History of sub-contracting over past half century. How sub-contracting is carried on in the industry, reasons for sub-contracting in the industry, its significance to the industry. (This section is intended to discuss the preceding general principles in more concrete terms).

VI. Deontology of Sub-contracting in the United States

Meaning and significance of deontology in sub-contracting. Difficulty of obtaining reliable data about it. What the relationship is as best it can be measured. Implications of this.

VII. Conclusions

Observations on the United States experience and the possible role of sub-contracting in the underdeveloped countries.





7 . 4 . 72