

So an American producer gets the award on the identical items if Agency A does the buying and loses it if Agency B is the purchaser for the same program in the United States. Obviously, if this lack of a policy continues, the American handtool industry will lose more and more business and eventually strive to have the procurement function returned to the military agencies which utilize the 50-percent differential.³⁵

GSA Administrator Knott made it clear in his testimony that there is no misunderstanding between GSA and DOD on the subject but, "the policy decision rests with the Bureau."

So the Bureau was asked specifically:

"Does the Bureau of the Budget support the current practice of executive agencies applying different differentials under the Buy American Act when purchasing (a) the same item, or, (b) the same class of items?"

The Bureau replied:

"As a temporary measure, the Bureau of the Budget has supported the existing practice among civilian agencies and the Department of Defense. We believe the existing differences between the practices followed by the Department of Defense and the civilian agencies should be eliminated when problems of trade negotiations and balance of payments are less critical. We believe a change at this time would not be advisable but will be pleased to support appropriate actions toward a more uniform policy as soon as these problems are relieved."³⁶

This response does not meet the issue. The testimony given to the subcommittee was to the effect that DOD was using a 50-percent differential to help the balance-of-payments problem by awarding business to American producers at an added cost through fiscal 1965 of \$67.5 million. To the extent that GSA takes a different course and makes awards to foreign producers, the DOD Balance of Payments program is undermined as is any existing trade agreement.

Recommendation. The subcommittee strongly recommends that the Bureau of the Budget take steps to apply uniform differentials under the Buy American Act for the same items regardless of which Federal agency does the buying for the Government. Of value also would be a high level executive study to determine a reasonable cost for a dollar's reduction in the balance-of-payments.

VII. COMPETITIVE AND NEGOTIATED PROCUREMENT

Findings. The subcommittee has consistently urged that advertised bidding procedures be used to a greater extent in making Government procurements in order to secure the benefits which long and often sad experience has shown derive therefrom as stated by the Comptroller General of the United States in 34 C.G. 551:

"The courts and accounting officers of the Government have frequently and consistently held that section 3709, Revised Statutes, was designed to give all persons equal right to compete for Government business, to secure to the Government the benefits which flow from competition,

³⁵ Hearings, 1966, app. 2, pp. 214-232.

³⁶ Hearings, 1966, app. 11, p. 408.