

Chairman PROXMIRE. Yes, you know, price the same to the last third decimal.

Mr. WEITZEL. Mr. Chairman, as you know, the Armed Services Procurement Act requires awards be made to the bidder whose bid, price and other factors considered, is most advantageous to the Government, so in some cases other factors such as improved performance can come in.

Chairman PROXMIRE. I understand that. It does not always have to go to the lowest bidder.

Mr. WEITZEL. One simple example here: We found a contract was awarded for 244 aircraft valves at a total price of some \$11,000. Requests for proposals had been sent to two firms. Only one proposal was returned accompanied by a letter stating that the two firms solicited had been consolidated.

This proposal was accepted and the contract was awarded to the consolidated company.

The buyer, even though he had prior knowledge of the merger, stated that he considered this to be a competitive award since two sources were solicited. Maybe that is a horrible example, but we feel that the Armed Services Procurement Regulation, as presently drawn, permits a lot of procurements to be reported as competitive which are really not, even though two proposals are sent out.

One company could be out of business, it might not return the proposal, but just so long as the other one responds, the contracting officer can say, "I sent the proposals out to two," and he can report that as competitive.

PURCHASES UNDER \$2,500 REPORTED AS COMPETITIVE

Then, on this point as to the purchases under \$2,500, as the Comptroller General pointed out, 69 percent or \$55 million of the total we reviewed were actually not competitive. But under the present form of the Armed Services Procurement Regulation it can be reported as competitive.

This is why we are suggesting the amendment of the regulations to permit proper classification and greater information to top management.

Chairman PROXMIRE. I can see we have quite a session here, because my time is up.

Congressman Curtis?

Representative CURTIS. I want to join in the chairman's recommendation to you, M. Staats, and the hard work that the General Accounting Office has been doing in this area for so many years. Also, I want to express the appreciation I personally have for the manner in which you have presented the cases that we have asked you to look into and the general problems over a period of years.

FUNCTION OF JOINT ECONOMIC COMMITTEE

I am anxious to make clear what my concept of the function of the Joint Economic Committee is in this area.

I think Senator Percy expressed it quite well. In our understanding of the fundamentals for broad policy it is important to exam-