

are being interpreted by the contract officers is what we are talking about. They are sort of stretching a point to report it as competitive.

Mr. STAATS. I think there may be some overzealousness in wanting to report, you might say, what top management wants to hear. That may be an element. That is only surmise on my part. It may be lack of a fair understanding, a very sincere lack of clear understanding, by the contracting officer as to the interpretation of the regulations.

These regulations are pretty voluminous, and there are some cases of fairly heavy turnover of personnel in these procurement offices. This may be a factor, too.

Senator SYMINGTON. Not to be the devil's advocate, but let's think about the problem from both sides of the street. If you take an original order, you have done all the design engineering, all production engineering, all tool-designing engineering, all tool production. In itself, this is a very large percentage of total cost; so you are in a specially good position to make a future quotation on spare parts much better than a newcomer would be on that particular article. I was thinking about that illustration of two companies, first quoting, then merging. But if they were the only ones who had the tools, if you wanted a good price, I do not see where you go except to the people who had done the original work. Is that situation taken into consideration?

PROCUREMENT OF AERONAUTICAL SPARE PARTS

Mr. NEWMAN. It certainly is, sir.

We have cases of aeronautical spare parts where the Navy will go back to the prime on a sole-source basis, and the Air Force will go out on competitive bid basis for the same part. This happened years ago and is still going on, and the part is used for the same engine.

So you have got one service doing one thing and another service doing another for the same identical item.⁵

Senator SYMINGTON. Naturally, if you had overall control—

Mr. NEWMAN. That is what is needed.

Senator SYMINGTON. And proper inspection of the product regardless of the spare parts.

DEFINITION OF "COMPETITION"

Mr. WEITZEL. The problem, Senator Symington, seems to be that the contracting officers themselves are interpreting the Armed Services Procurement Regulation as meaning that competition depends on the number of companies solicited and, as we all know, the company may have moved away or may just not care to respond.

So we just do not feel this is a realistic basis on which to get these reports. When it comes to the under \$2,500 figures they are just lumped in as competitive. We have gone down to the installations and found that, in our opinion, they can easily furnish this additional information, and in this way Secretary McNamara could have a better basis for determining what progress he is making in his campaign to convert to competition where it is feasible and practicable and can be done without injuring the interests of the Government.

⁵ See p. 9, supra.