

ment procurement of materiel for defense purposes is on a competitive bid basis, what percent was on a negotiated or incentive basis, and what percent is on cost plus?

Mr. NEWMAN. You mean the "advertised fixed price" competitive?

Senator JORDAN. Yes.

Mr. NEWMAN. Very small.

Senator JORDAN. A very small percentage?

Mr. NEWMAN. I would not want to say over 15 percent.

Mr. STAATS. About 45 percent is defined by the Defense Department as being competitive. The figure that I recall is——

Senator JORDAN. But it would not meet the definition you have just supplied.

Mr. STAATS. One of the reasons we have included this point in our review is that we felt that the problem of definition is a fairly important one in terms of understanding what that figure means.

Senator JORDAN. I should say it is. If there is a difference between your interpretation of competitive bidding as being 15 percent and the Department's idea of it being 45 percent, I would say there is a wide difference.

Mr. NEWMAN. The figure I just gave was advertised fixed-price.

Senator JORDAN. That is right.

Mr. NEWMAN. Now, what the Department of Defense calls negotiated contracts, would get up to a good high percentage. In other words, we have only 20 percent in cost reimbursement type and 15 percent in advertising fixed price, the remainder is in other types of negotiated contracts.

PROGRESS IN REDUCING COST REIMBURSEMENT TYPE

Mr. STAATS. This is the area in which the greatest progress has been made in the last 4 or 5 years, in reducing the portion of the contracting which is cost reimbursement type.

Senator JORDAN. Then it has been commendable.

Mr. STAATS. Yes, indeed.

Senator JORDAN. Because testimony in previous years before this committee has indicated the tremendous saving in getting defense contract awards, any kind of purchasing, over into a competitive basis from a cost-plus fixed fee.

AREAS WHERE IMPROVEMENT CAN BE MADE

Mr. STAATS. I might point out at this point, Senator Jordan, that while our testimony here is critical it may be easy to take out of perspective the total problem. As to the progress which has been made in this field, we do not wish to derogate that at all. But our function is to criticize and our function is to point out areas where improvements can be made; and that is, of course, what we feel you are interested in at this particular point in time.

Senator JORDAN. That is right. While this is a critical report, I think it would be well, Mr. Staats, to put in a statement of the progress which has been made in getting this procurement under better management and under better control.