

Chairman PROXMIRE. In the time it's taken the Defense Department to ponder this point, how much money do you think they have lost in overpricing defense contracts—

Mr. STAATS. I have no way of knowing.

Chairman PROXMIRE. Plenty.

Mr. WEITZEL. Mr. Chairman, one of the complications in this area—

Chairman PROXMIRE. Let me say either he has that authority now or it could be provided by an Act of Congress, is that correct?

Mr. NEWMAN. That is correct.

Mr. WEITZEL. Yes, we think they could do it administratively but during the Holifield hearings on Defense contract audits by the General Accounting Office, I believe a question was raised by the subcommittee as to whether this question was not of such moment that it should be referred to the Congress for action. I think this may be contributing to the delay in resolution of the problem, the fact that the Holifield committee felt as it did. For example, on page 13 of the report on Defense contract audits which was House Report 1344 of the 89th Congress, the subcommittee said, "it would seem that if the Department of Defense is to acquire the access privilege on a sustained or permanent basis, it probably should be a matter of congressional rather than administrative decision." That is all I will read.

Chairman PROXMIRE. Who said that?

Mr. WEITZEL. This was the report of the Military Operations Subcommittee of House Government Operations, back in March, 1966—the Holifield Subcommittee Report.

Mr. NEWMAN. Congressman Chet Holifield's subcommittee.

REVIEW OF NEGOTIATION PROCESS

Chairman PROXMIRE. Every step along the way—here step No. 1, you don't have competitive bidding, you can't have it as completely as we would all like to have it. We all agree on that. We would like to have more. We don't think we have enough. So you would like to have more. So you have to estimate the costs. The second stage or cost estimate has been called delinquent, it certainly has not been adequate.

Then in a third stage or followup the opportunity of the Secretary of Defense or his auditors to actually check the cost records, the post audit, they can't do that. So that it would seem that it puts the Government in a most disadvantageous position, and it would seem to me that if Congress is going to be responsive to taxpayers under these circumstances they certainly ought to provide at least some access to records in the event the Secretary of Defense tells us that in his view he doesn't have that authority now.

Mr. WEITZEL. We feel their auditors certainly should have that access.

Chairman PROXMIRE. Why do you think they should have it?

ACCESS AUTHORITY TO REVIEW CONTRACTOR'S RECORDS

Mr. WEITZEL. We think they should have it if they are going to get at the bottom of these situations. We have it and we exercise it subject to some question on occasion, but what you were saying just makes the