

cular No. A-76 as to procurement of goods and services and on the related program of screening and disposal of nonessential real properties.

As in the past, the DOD witnesses may divide the subject matter to be covered as they may decide.

Please submit 100 copies of prepared statements at least one day before the appearance date, and refer any questions you may have to Mr. Ray Ward, Staff Director of the Subcommittee, phone 173-8169.

Sincerely yours,

WILLIAM PROXMIRE, *Chairman.*

Chairman PROXMIRE. Mr. Secretary, you have an awesome responsibility in regard to the economy of the United States. This subcommittee has often expressed the thought that the scope of military operations for procurement, transportation, storage, communications, and disposal in addition to real and personal property holdings valued at billions of dollars is of vital importance to the economy. In fact, the how, when, where, and by whom in each of these areas affects the national economy and that of States and local communities. A decision to build a facility or eliminate one is important, even critical to many people.

Since the procurement program is, to a great extent, done by negotiation and not by the time-honored advertised competitive bid procedure, it is a subjective matter and hence open to the pressures that may be exerted by numerous forces. So we as the Subcommittee on Economy in Government are interested not only in the scope of your responsibilities but quality of its performance.

I have read your statement carefully and I am sure that you have achieved many economies during the past few years. But I am concerned, as are other members of this committee, at the long list of deficiencies which have been brought to our attention, and brought to our attention very emphatically and with excellent documentation by the Comptroller General just yesterday.

In an operation so large, involving millions of transactions, thousands of installations and facilities, and billions upon billions of dollars, it becomes apparent that long lists of economies and deficiencies are possible at the same time. So what we want to know is this—are we making enough progress?

Since Admiral Lyle, Director of the Defense Supply Agency will also testify today, we will defer questions in order to conserve time until Secretary Ignatius completes his prepared statement.

I understand that Congressman Curtis who has been very diligent in this area will be here shortly. You may introduce your associates and proceed with your statement.

STATEMENT OF HON. PAUL R. IGNATIUS, ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS), AND VICE ADM. JOSEPH M. LYLE, DIRECTOR, DEFENSE SUPPLY AGENCY; ACCOMPANIED BY PAUL H. RILEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND SERVICES); JOHN M. MALLOY, DEPUTY ASSISTANT SECRETARY OF DEFENSE (PROCUREMENT); MAJ. GEN. JOHN A. GOSHORN, DEPUTY DIRECTOR, CONTRACT ADMINISTRATION, DSA; AND WILFRED J. GARVIN, COMPTROLLER, DSA

Mr. IGNATIUS. On my left is Mr. Paul Riley, my Deputy for Supply and Services, Mr. John Malloy, who is my Deputy for Procurement, and on far right is Vice Admiral Lyle.