

Mr. IGNATIUS. It is a little high. It will vary from year to year obviously. I think in fiscal 1966 the 4.6 percent was under \$2 billion, it was about \$1.7 billion, so he wasn't too far off. But the number of transactions is the thing that I think is significant here, Mr. Rumsfeld. There are almost 8 million purchase transactions involved in that. All I am trying to say is not—

Representative RUMSFELD. You said the de minimis rule applies there.

Mr. IGNATIUS. It might well.

Representative RUMSFELD. For about \$2 billion.

Mr. IGNATIUS. This is presumably why the rule was set as it was in 1959. I checked with the people who set that rule. That was before my time here. That is the reason that was given for doing it in that manner.

Representative RUMSFELD. I have trouble agreeing when you argue that the number of pieces of equipment involved and the number of contractors involved and the quantities involved in this say \$2 billion figure is your excuse that it is, from a cost effectiveness standpoint, not worth the effort.

It is almost like you are saying the Department of Defense is too big to be run, that you are doing too many things, and you can't do it all, and that the only alternative is to break it up in bits again.

Mr. IGNATIUS. That is not what I am saying at all. I don't think that there is any business, or even indeed in running your own house, where you don't give more intensive effort to the more significant dollar amounts than you do to the smaller ones. I don't spend the same time appraising a dollar purchase that I may make in my family, that I do a \$3,000 purchase when, let's say, I am buying a car. You put the emphasis where you have the significant values. Now in small purchase—

Representative RUMSFELD. With a small agency handling \$2 billion, they can handle the money efficiently and effectively and know what they are doing.

Mr. IGNATIUS. Sir, it is not the \$2 billion. It is the 8 million transactions. A small agency couldn't make 8 million transactions. This couldn't be done by a small Agency.

Representative RUMSFELD. My time is up.

Mr. IGNATIUS. The second point is that these are local purchases that tend to be made in the community where we are buying in the market place, where our rule requires that there be only three competitive bids.

Thus, all of these things taken together, on balance, led the people who established this rule in 1959 to say, "We will assume that all of these are competitive procurements and report them as such, even though in some instances they may not be."

Now, if there is any large-scale error in that, I suspect we ought to change it, even though it won't have any real significance on the totals reported, because it is less than 5 percent of our total. But we will look at that and reappraise it.

Representative RUMSFELD. Mr. Chairman, I apologize for taking so long. I do hope we can have these gentlemen back after they have had a chance to study that report.