

Chairman PROXMIRE. So you get it this way? You can examine their records?

Mr. ABERSFELLER. Whenever that is required, Senator. Frankly, we have never had occasion that I can recall to examine any records. Most of the equipment we buy falls out, or the requirement for examination of records is excluded by the fact that they sell the items in substantial quantities commercially.

AUTHORITY OF GSA

Chairman PROXMIRE. What is your authority to use truth in negotiation procedures?

NO NEED TO AMEND BASIC ACT

Mr. ABERSFELLER. Federal procurement regulations.

Chairman PROXMIRE. Should your act be amended—should title 3 be amended?

Mr. ABERSFELLER. I don't think so. We don't plan to change or rescind our policy. There is, however, no legislative requirement for it.

Chairman PROXMIRE. You feel you do not need it.

Mr. ABERSFELLER. I do not think we need it. We are dedicated to the principle.

Mr. KNOTT. Certainly there would be no objection to it.

Chairman PROXMIRE. There is no point in doing an unnecessary act. It is hard enough to get a bill through Congress.

OBSOLETE ADP EQUIPMENT

Mr. Gainsbrugh, a very eminent economist, testified we have \$1.5 to \$2 billion in obsolete ADP equipment. Is that correct? What will become of it if we have this much, up to \$2 billion of obsolete data-processing equipment?

Mr. KNOTT. I have no way of verifying that one way or the other.

Mr. ABERSFELLER. I think it is inaccurate. Frankly, we don't have our management information system in yet. I don't know where he got the information.

Chairman PROXMIRE. Let me read it to you: "I served on the President's Commission relating to automatic data equipment and there I think Mr. Staats referred to this in his testimony, too. The Government is the largest holder of computer equipment. It is serving perhaps a very constructive purpose in the area of research and development, but it holds nearly \$1.5 billion or \$2 billion of obsolete equipment. There is an open question now as to how you treat this in Government accounting. What do you do with obsolete inventories?"

Mr. KNOTT. That would suggest that it is owned by the Government and I wonder if he isn't including equipment that is leased.

Chairman PROXMIRE. He said "holds"—that is the verb. If it is leased it is not much of a problem. That is not in your inventory.

Mr. KNOTT. Right.

Chairman PROXMIRE. He indicates that it is a matter of inventory, at least obsolete inventory. So I take it in this context he is talking about equipment the Government owns.

Mr. KNOTT. I don't believe we own that much.