

Then he said:

However, in 165 of these awards we found that the Agency officials and prime contractors had no records identifying the cost or pricing data submitted and certified by offerers in support of significant cost estimates. We also find that of the remaining 57 of the 242 procurements examined Agency and contractor records of the negotiated procurements that cost or pricing data were not obtained apparently because the prices were based on adequate price competition or on an established catalog or market price or commercial items sold in substantial quantities to the general public.

Then I asked if this would involve any burden, any big serious burden on their part, on the Defense Department, and he said not in their opinion. And then I asked if it is possible for the Defense Department to determine, especially in view of the lack of competition, was it possible for the Defense Department to determine the real cost on these contracts without having accurate, up-to-date cost data. And Mr. Staats said that not on a central basis or a post audit review, it cannot be done.

This is why I say in my judgment the law is not being enforced by DOD. The Comptroller General is honest and competent.

Mr. HUGHES. I happen to like him and certainly agree.

Chairman PROXMIRE. In my judgment this represents a law which has become a dead letter. This is on pages 80 to 83 of the transcript. It has not been edited but I think it is a fair recitation.

BOB WILL PURSUE COMPLIANCE WITH PUBLIC LAW 87-653

Mr. HUGHES. We will pursue that.

Chairman PROXMIRE. Good.

Now, I would like to ask—we had a proposal for a third Hoover Commission which I think may be appropriate. The old Hoover Commissions were very helpful to us. Mr. Gainsbrugh documented the reasons for it and I wondered if you would favor the idea of a Presidential Commission to study the scope of Government business activities and to cope with the problem.

Mr. HUGHES. Well, I think, Senator, as I understand the charter of the original Hoover Commission vis-a-vis Mr. Gainsbrugh's proposal, his was a somewhat more limited proposition. I read only his statement with reference to that and I think he was dealing primarily with the competition with business areas.

Chairman PROXMIRE. That is correct.

BOB PREFERS TO WORK WITH A-76

Mr. HUGHES. I personally would like to try and struggle with Circular A-76 and see if we could, by our amendments to it, and restatement of policy along the lines that you suggested, Mr. Chairman, perhaps, or amplification of the policy, if we couldn't one way or another deal with the kind of problems that concern Mr. Gainsbrugh.

Chairman PROXMIRE. Mr. Gainsbrugh is a responsible economist. Let me read a short part of what disturbs him.

He said:

The first one then is, is Government business activity increasing or diminishing? Second, a catalog, as it were, of the original purposes for each of these invasions into the private sector, an examination as to whether the original purposes are still controlling.