

I would like to call attention to the fact that the thrust of this point about the lease versus purchase of facilities is not against the contractor, but in favor of having the armed services procurement regulation amended to differentiate between leased facilities and purchased facilities. Now, it would not be to the interest of contractors in many cases to purchase facilities because they are not any more favorably treated under the weighted guidelines, and because there is no reimbursement for interest on borrowed capital under the armed services procurement regulation.

Chairman PROXMIRE. This is the point Mr. Staats is about to make in his statement, I think.

Mr. STAATS. I would like to make one further point on the matter of releasing names of contractors. If we find a situation, as we did in the Olin Mathieson case, where we feel that there is a specific problem with a given contract, we obviously do not submit our report until we have checked it with the contractor and the contractor is identified in that report.

While we have been attempting to do as much as we could to obtain contractor's comments, if we feel that we have identified a problem which may be a more general problem, we try to go into a large number of contractors to be sure that we are not just taking an unrepresentative group or an isolated case. If we take, say, 15 or 20 contractors and then try to check out with every single one of them before we release our report, our report gets pretty stale.

We feel confident in our ability, if we cover that many contractors, to cite illustrations or cases without checking the contractors, so that we can make our point with respect to the policy or the armed services procurement regulation, without going through this review process with the contractor.

Representative RUMSFELD. Mr. Chairman, if I may pursue this, since Mr. Staats is still on the subject here. The report that I was just handed, that was released today, November 24, I don't see the name of any contractors. Are there any? Does anyone know?

Mr. STAATS. There are no names in that report.

Representative RUMSFELD. No names?

Mr. STAATS. No.

Representative RUMSFELD. So, what you are doing is issuing reports that are protecting completely the names of every single contractor that was involved in any way with the work that you are reporting on in a somewhat critical way?

Mr. STAATS. You see, the trouble with releasing the names of the contractors here, Mr. Rumsfeld, is that anyone who is familiar with the defense contracting business would not have too much difficulty in associating the names with the examples, if we release the name of the contractors, even though we didn't identify them with particular cases.

It is perfectly possible, and feasible, and we would be very glad to go through a further step of checking it out with the individual contractors who were covered in our report, and then making that information available to you.

Representative RUMSFELD. This is what bothers me. You have already checked it out with the contractors because you have been work-