

Mr. HAMMOND. We do not have a figure, and I don't believe Defense does either, of the special test equipment and special tooling.

Representative GRIFFITHS. What is your estimate?

TOTAL INVENTORY ABOUT \$15 BILLION

Mr. HAMMOND. Well, at the plants we visited special tooling and test equipment amounted to about a third of the equipment in the contractors' plant, so if you apply a third increase to the \$11 billion, add about another \$4 billion. (See app. 4(a), p. 462.)

Representative GRIFFITHS. So that in a period of 15 years that we are talking about, \$15 billion, during that 15 years, what was the total expenditure of the Defense Department for everything; anything they bought.

Mr. STAATS. You are talking about procurement now?

Representative GRIFFITHS. Yes.

Mr. STAATS. I think we would have to supply that. I wouldn't know what it would be.

Representative GRIFFITHS. But it is something astronomical—an astronomical sum, isn't it?

Mr. STAATS. It is very large.

Representative GRIFFITHS. So that in reality they really don't care. The fact that there are billions of dollars worth of equipment out here that is being illegally used, being used without any payment being made for it, is a matter of no consideration to them at all. They don't care about it, because the truth is they are spending hundreds of billions of dollars.

But what if you were looking at it from the standpoint of HEW? Think what could be done with \$20 billion in education. You know I want to say again, and I have already said it, I am not voting for any tax increase as long as this type of stuff is going on, and I know that it is going on.

Now, I would like to ask you on this matter, you pointed out that the Government does better on a purchase where the equipment is Government owned, that there is about a 2 percent profit that the manufacturer can make. Now, this is because he applies a percentage of cost as profit; isn't it? And since you supply the equipment, he can't apply that percentage of cost against that equipment; is that not right?

Mr. STAATS. That is right.

Mr. BAILEY. He actually may be given a higher profit rate if he supplies the necessary capital equipment, Mrs. Griffiths. Under the weighted guidelines principles he can receive additional consideration for profit purposes. Actually what it amounts to is that the regulation provides that he will receive a minus profit factor if the equipment is Government supplied.

Representative GRIFFITHS. Well, I never tell a joke, but when you read off that business that the poor contractor that is having to use Government-owned equipment is getting a bad break on the profit, I was reminded that one time a mother took a little boy, her little son, to see one of these Roman spectacles where they were feeding the Christians to the lions, and the child began to cry, and was making so much noise she had to take him outside. And she said: