

"Now, dear, they didn't really eat them. It is all make-believe."

And when he could talk he said, "That one poor lion didn't get a Christian."

NEED FOR AN INVENTORY SETUP

Well, you know, I am not worrying over the contractors that are not getting that type of profit. What I am worrying over is whether we have an inventory setup here, whether we can locate all the Government-owned equipment, put it in these plants and reduce the prices we are paying, and if we can't do it, why can't we do it?

Mr. STAATS. This is what our report is directed to, Mrs. Griffiths.

Representative GRIFFITHS. Now, when are you going to get it done? I have been worrying about this for about 10 years.

Mr. STAATS. The fact that this committee is interested in our report I am sure will be helpful in getting it done.

PRICES PAID SUBS BY PRIMES

Representative GRIFFITHS. And I would like to say to you folks right now that you don't have a chance in the world of getting the Defense Department to agree that you have a right or that the purchaser has a right to have a breakdown on subcontractors' costs.

I have had a bill in here for at least 13 years that says that the subcontractor should supply—the prime contractor should supply, rather, the price he pays the sub for the item. You should hear the screaming and see what has been done about that. That is not a breakdown of the costs. I think you could do the purchasing better if you just know what the prime pays the sub. Wouldn't you agree?

Mr. STAATS. I agree.

Representative GRIFFITHS. Somebody came in here from Chicago one time to tell me that he supplied an item to the Cape for General Electric, boxed, and he charged them a little more than \$300. GE charged the Government a little more than \$800. How do you stop that? Can you stop it now? F.o.b. Cape Kennedy.

Mr. STAATS. If it is a known cost, then it should be supplied by the prime to the Government at the time the negotiation takes place, in terms of Public Law 87-653.

FURNISHING ITEMS BY THE GOVERNMENT

Mr. BAILEY. This also, Mrs. Griffiths, gets back to Mr. Curtis' point about breakout. If you can break it out from the prime contractor's cost so that the Government buys these things and furnishes them as Government-owned material.

Representative GRIFFITHS. In many instances the Government would do a far better job if it would buy the item and supply it to the assembler, it would be much cheaper.

Mr. BAILEY. It would be much cheaper.

Representative GRIFFITHS. Although I agree with Mr. Curtis that what you really have in renegotiation, that what you make of a contract is cost plus a percentage of cost. That is what renegotiation really does in the whole thing.