

work. He may end up paying the rent for that equipment, as if he had gotten the permission, or he might possibly escape even that, so that there is not an incentive there.

FAVORITISM TO CONTRACTORS

Representative GRIFFITHS. The Government is doing the contractor who uses our equipment free a sweet little favor. It is not a matter of no concern to his competitor.

The Government is subsidizing him against his competitor. That is really what it amounts to. And frankly I think it is wrong.

I think it is a sort of collusive stealing, and I think they are stealing it both ways. They are stealing it first from the taxpayer, and secondly from the competitor. Personally I don't approve of it, and I think that the Defense Department should do something about it, and do it quickly.

DOD POLICY TO REDUCE FURNISHED EQUIPMENT

Mr. WEITZEL. The Defense Department has a policy to reduce Government-furnished equipment, but we feel that this has not been fully implemented.

Representative GRIFFITHS. Well, they have lots of policies that they aren't doing anything about.

Thank you.

Chairman PROXMIRE. We will have a lot of fun tomorrow with Mr. Morris, who will appear, and we will follow up on this with him.

Now I would like to ask you this question along the same line to make sure that we understand the situation.

PENALTY FOR EXCESSIVE COMMERCIAL USE OF EQUIPMENT

The example given in your report, which was reported in the Wall Street Journal this morning, was that you take a \$1.4 million forge press bought by the Federal Government and provided to a contractor, to turn out engine parts; 78 percent of the time that this press was used it was used for commercial, not defense work. And, an old press, the purpose of the Government purchase was to replace it, was very largely used for the jet blade which was the Government procurement.

Is this a fair description of what happened? (See p. 2.)

Mr. STAATS. I believe so.

Chairman PROXMIRE. Now what kind of restrictions are on this now? What can be done to penalize a contractor for doing this? Is it illegal? After all, if it is not illegal, there is a big incentive for a contractor to do it. Why shouldn't he do it?

Mr. NEWMAN. Under existing ASPR's he can do it.

Chairman PROXMIRE. He can do it?

Mr. NEWMAN. Yes, sir.

"25 PERCENT USE" OF EQUIPMENT?

In other words, he may have equipment in that plant that is completely idle, but this one press he may use 78 percent on commercial work. If it averages around 25 percent for all equipment utilization on Government work, he is home free.