

I want to interpolate here that our constituent also bid on a fixed-cost basis, and the Northrop bid, which was twice what Custom's was, was on a cost-plus-incentive-fee basis. So that the cost could be just astronomical compared to what my constituent's bid was.

Now looking into other Army procurements, I found a pattern: wherever procurement was open to competition, the price was reduced dramatically.

This was true in the case of the AN/PRC-25 radio set where the unit price dropped from \$2,156.91 each in the first production contract to less than \$600 per unit when exposed to open competition.

It was true in reverse with the AN/GRA-6 control chest set. From May 1961 through June 24, 1964, the Army bought this control chest set under six different contracts at unit costs ranging from \$145.50 to \$200 each. Since June 24, 1964, this equipment has been removed from open competitive procurement and the price has more than doubled. The most recent award announced January 19, 1967, by Commerce Business Daily, in the total amount of \$1,220,665, shows an average unit price of \$418.94 for this same equipment.

There are literally hundreds of these cases which need investigation. With my limited staff, I certainly cannot undertake such a large task, but I hope this can be done by the appropriate committee of the Senate, whether it is this committee or Senator McClellan's Government Operations Committee.

I am also greatly concerned about one practice I have discovered being carried out by the Navy which, if allowed to continue and expand, could completely destroy open competitive procurement in the future. This involves a practice called leader-follower procurement procedure. It is an incredible story.

The Naval Research Laboratory, Washington, D.C., scored a breakthrough in airborne transponder development in late 1964 and early 1965. The Naval Research Lab assigned the nomenclature APX-72 to its transponder, which was more than 95 percent developed "in-house" by the Navy. A transponder is a small electronic device mounted in an aircraft which emits a signal permitting ground stations or other aircraft to identify it as friendly or hostile and can itself similarly interrogate other aircraft. It also is an identification device for radar identification in heavy weather flying.

In April 1965, the Navy awarded a contract in the amount of \$58,000 to Bendix Radio Division, Baltimore, to "polish" or "package" the unit into a "mass-producible" model. The value of the contract with Bendix was increased to \$124,000 when a requirement was added for several more prototypes and to make some minor improvements to meet the military's AIMS program.

Less than a year later, Bendix delivered a model to the Navy which was flight tested and conditionally approved for production, although certain improvements were still needed which the Navy felt could easily be made while preparation for volume production was underway.

Bendix Radio was only one of several major firms working to develop a new, lightweight, flexible transponder. Several of these firms working with other services, had been persuaded to invest their own money into this development on the promise that whichever new