

to have a competitor given access to so much information which normally is confidential within the company itself. The result was a further limiting of competition.

Bendix was unable to work out a satisfactory contract with the eventually chosen "follower," Wilcox Electric Co., of Kansas City, until November 8, at which time Bendix itself had been able to deliver only 10 units instead of 200 units of the APX-72 as scheduled. Although the Navy has refused to disclose the "follower" price officially, the Navy has said unofficially that the follower price is just under \$2,200 per unit. However, the Navy-Bendix price, which will be higher than the "follower's" price to Bendix, is still under negotiation.

There is obviously no real meaningful competition involved in this procurement, either with regard to price or in the choice of producers, and it is equally obvious that there will be no meaningful competition in future contracts under the Navy's proposed procedure. The current Navy plan to limit production to Bendix and Wilcox Electric Co., in effect, hands a free patent to a private contractor for exclusive production in perpetuity of an item developed not only at taxpayers' expense, but largely by Government personnel.

The finality with which the Navy views this transaction is evident in the response received by the Senate Select Committee on Small Business, on which I serve, from the Honorable Graeme C. Bannerman, Assistant Secretary of the Navy (Installations and Logistics). Mr. Bannerman said, and I quote:

Your comment that small producers of transponders not participating in the current procurement will, to all intents and purposes, be foreclosed from supplying transponders to military departments in the foreseeable future, applies only to this particular transponder.

Since this particular transponder is to be the unit installed in all future military aircraft and the military need has been projected in the first 5 years at 30,000 units and will cost in excess of \$70 million, it seems to me that this entire transaction is open to very serious question, and I would hope that further investigation might be conducted without delay.

Mr. Chairman, I commend you and your committee for the work you are doing in this area and would be pleased to offer you any assistance which I might render.

I do want to say that I have gone into considerable detail on the last Navy contract because it seems to me that it opens up a new method of contracting which is going to almost wholly eliminate competition.

Also, I want to say that I know a great deal of the details on the Custom Packaging case and on this ANPRC 25 radio set, and have made two or three speeches—three I believe it is at this point—on these cases in the record, which I will be happy to furnish to the committee if you would like to have them.

(The material later supplied for the record is in app. 11, p. 560.)

Chairman PROXMIRE. Has the GAO investigated these cases?

Senator DOMINICK. The GAO went into the question of whether the contract was properly given to Northrop, Inc., in the Custom Packaging case, and they came to the conclusion that it was a question of technical evaluation, and since they were not qualified to make a technical evaluation, therefore, they had to accept the Army's word for it.