

At any rate, I do feel, as you emphasized so well in your statement, that it would be most desirable to have this spelled out in a law, and then, as you say, there can be no question about it.

Mr. MINSHALL. Mr. Chairman, I want to again thank you for your cooperation. As I said in my statement, this legislation could conceivably save the taxpayers billions. I would like to point out since 1965, when our total prime contract awards for defense—they were then in fiscal 1965, \$27.4 billion. In 1966 they went up to \$37.2 billion. And this year, under fiscal 1967, they are \$43.4. And I think they are even going up higher next year. And I think our total military expenditure this year could far exceed what they have already said it would be by up to \$5 billion to \$7 billion.

Chairman PROXMIRE. And then when you recognize the fact that most of this procurement is on a negotiated, not on a competitive basis, the only safeguard for the taxpayer is having current, comprehensive, and accurate records available, and the right of the auditor to have access to these records.

When you recognize that, it seems to me that this kind of legislation on the Truth in Negotiations Act is especially essential. And it is no exaggeration at all in my view to say it will save billions of dollars a year.

Mr. MINSHALL. I am glad you pointed out most of these contracts are negotiated. For the record, in case you do not have it in there already, the formally advertised contracts last year amounted to \$5.8 billion out of the over \$43 billion, or only 13.4 percent of all procurement contracts for the Defense Department.

Chairman PROXMIRE. They have this other category of negotiated competition—negotiated price competition—which includes another substantial percentage. But, still, the overwhelming amount of it is by negotiation without any competition.

Mr. MINSHALL. Thank you very much, Mr. Chairman.

Chairman PROXMIRE. Thank you for a fine presentation.

The Senate is scheduled to have a rollcall vote at 10:30 this morning. If you gentlemen—Mr. Knott and your assistants—would be patient, I think it might be helpful to have a recess. There is the vote right now. As soon as the voting is over, I will be back, and we will reconvene.

(At this point in the hearing a short recess was taken.)

Chairman PROXMIRE. The subcommittee will come to order.

Our principal witness this morning is the Honorable Lawson B. Knott, Jr., Administrator of General Services Administration. We are pleased to have you with us again, Mr. Knott, to give us your views on the subject outlined in my letters of November 8 and 20 of this year, which will be included in the record.

(The material to be furnished for the record follows:)

NOVEMBER 8, 1967.

HON. LAWSON B. KNOTT, JR.
Administrator, General Services Administration,
Washington, D.C.

DEAR MR. KNOTT: This letter will confirm previous information given to your staff that the Subcommittee on Economy in Government of the Joint Economic Committee will hold hearings on November 27-30, 1967. You and the associates you may wish to accompany you are scheduled to testify in Room AE-1, The Capitol, Joint Atomic Energy Committee Hearing Room, Wednesday, November