

a changing structure of small business, so that your percentage has remained about the same.

Chairman PROXMIRE. Well, I hope you will keep emphasizing this, because, of course, it is one method of procurement which really complies with congressional policy. Your purchases are by and large more amenable to competitive bidding than the Defense Departments—much more. After all, they only have 13 or 14 percent—you have 76 percent—advertised competitive bidding.

Mr. KNOTT. Right.

Chairman PROXMIRE. It is hard to ask you to criticize the Defense Department—but at the same time, is there anything you are doing in your procurement processes which they could do which would enhance and increase their proportion of advertised competitive bidding?

Would you think about that?

Mr. KNOTT. Mr. Abersfeller was with the Quartermaster Corps a good many years and works day in and day out with Defense.

Chairman PROXMIRE. We are after them all the time. Frankly, they are hard put to come up with many constructive proposals in this area.

Mr. ABERSFELLER. Mr. Chairman, I am not privy to all the information incident to the negotiations that Defense makes. But it seems to me in the large procurements that constitute most of their negotiations we would be hard put to do it any other way than they are now doing.

The basic problem is one of the absence of specifications.

Chairman PROXMIRE. How about breaking out some of their component parts?

Mr. ABERSFELLER. This is possible, Mr. Chairman; but one of the real risks that you take is that it might cost more over the long term if you do this, in the sense that you then do not have a single contractor to look to regarding the performance of a given product. This could take the form of Government-furnished material as an example, and you could provide on a separate breakdown for the procurement of components, and provide that to an assembler or a contractor. But one of the real risks you take, then, is the contractor, should there be a deficiency in the end product, would simply point to the fact that you forced him to take these components which you had provided from other sources.

Chairman PROXMIRE. Do you buy handtools by advertising?

Mr. ABERSFELLER. Yes.

Chairman PROXMIRE. And did the Defense Department do this when they had the responsibility?

Mr. ABERSFELLER. Yes; in the same instances. They do, however, I understand, buy some handtools under negotiation where the handtools were provisioned with an end item, radar trailer, for example. They then had the supplier of the radar trailer, for example, provide the handtools.

Chairman PROXMIRE. I hope you will think about this, and if you can, in the course of going over the record in the next few days, come up with whatever you can in the way of suggestions as to what we can do to help the Defense Department get more into the advertised competitive bidding. They admit there is a saving of 25 percent when they can procure on competitive basis.

Mr. ABERSFELLER. Yes, sir.