

Mr. CAVENEY. Mr. Chairman, in this regard—not speaking as a member of my company, but as a citizen of the United States—I am involved in what you call spare parts documentation. I sit and listen and advise the Government on what they should buy in the form of spare parts. Then they will turn around and buy it anyway, the ones I feel they should not buy, because they cannot do anything with it, except let it set on a shelf and acquire dust. And they are either procured because they are following some hidden regulation or the prime contractor wants to get as many spare parts on the list as he can, which is obvious, because of handling charges and a small profit. And this area of spare parts in itself is one of the largest wastes in Government.

Representative GRIFFITHS. Of course, it is.

Chairman PROXMIRE. Very good.

Once again, thank you so much, Mr. Caveney, for a very stimulating and useful, and, as Mrs. Griffiths has said so well, information that will help us save a substantial amount of money.

Our second witness is the Honorable Phillip S. Hughes, Deputy Director of the Bureau of the Budget. A letter of November 8 of this year which covers the subjects upon which we asked Mr. Hughes' testimony will be incorporated in the record at this point.

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

NOVEMBER 8, 1967.

HON. CHARLES L. SCHULTZE,
Director, Bureau of the Budget,
Washington, D.C.

DEAR CHARLIE: Your staff has been informally advised that the Subcommittee on Economy in Government of the Joint Economic Committee will hold follow-up or review hearings on the recommendations and conclusions contained in this report of July, 1967. This letter confirms that the hearings will be held from November 27-30, 1967, Room AE-1, The Capitol, Joint Atomic Energy Committee Hearing Room, and you and your associates are scheduled to appear on November 30, 10:00 A.M.

Please forward 100 copies of your prepared statement at least one day prior to the date of your appearance. If any additional information is desired please call Mr. Ray Ward, Staff Consultant, Code 173, Ext. 8169.

There are four main topics which we wish to cover in some detail during hearings:

1. Development in compliance with the "Truth-in-Negotiations Act" by the DoD and other agencies, including BoB participation.

2. Improvements in supply management in the U.S. and abroad. This will include procurement practices—Buy American, competitive versus negotiation, development of a National Supply System, procurement and management of Automatic Data Processing Equipment, etc.

3. Adequacy of management of Government-owned equipment furnished to contractors.

4. Progress in implementing Budget Bureau Circular No. A-76, revised, concerning the furnishing of material and services for Government use. An analysis of amendments included in A-76 revised would be helpful.

A status report on real property management under Circular A-2, revised is desirable. We also wish a statement on "the adequacy of the GSA's capability and efforts in behalf of the Government as a user of utilities," as recommended on page 16 of the July, 1967 report.

Sincerely yours,

WILLIAM PROXMIRE,
U.S. Senator.

Chairman PROXMIRE. Your statement is quite short, Mr. Hughes, so we may wish to ask questions as you proceed. Please introduce your associates for the record.