

General Schriever let Thompson Ramo Wooldridge build a great big office and testing lab. I think they had \$160,000 of their own money in it. The Government was the only purchaser. The total cost was \$19 million. And, after the Government had paid for it, Thompson-Ramo-Wooldridge kindly sold it back to them for \$26 million.

Now, it is possible that the Air Force does not understand money. But I think almost anybody would be smarter than that.

NEED FOR EQUITABLE CONCERN FOR COMPETITORS

However, I have talked about this before. But it seems to me that if you are going to have the equipment, and you are going to let the contractor use it on the Government property, then you are absolutely bound to keep track of it—because you are in reality subsidizing that man against his competitors. It is not only that the Government is losing money. It simply is not fair to his competitors, for the Government to be supplying the equipment.

Mr. HUGHES. If he is in a competitive enterprise, then, I think, we get away from the use and into the charge business.

LACK OF ADEQUATE USE RECORDS

Representative GRIFFITHS. But you see we have not been doing that. Nobody even knew there was any Government property around, until I asked that question about 2 or 3 years ago, and then we became quite interested. And there are billions of dollars' worth that is being used, and nobody is paying for it at all.

Mr. HUGHES. From the GAO reports, some are used for essentially private purposes.

Representative GRIFFITHS. Of course.

COMMERCIAL USE OF GOVERNMENT EQUIPMENT

Chairman PROXMIRE. It also indicates that the records are so inadequate, or so inadequately watched and observed that there is an enormous amount of private use for which no rent is ever paid. And even repeated instances of warnings—and each year they use it more and more for private use. These examples, according to Mr. Staats, were not exceptional, they were not picked to demonstrate the worst situations—they were typical. Firms would buy—get millions of dollars worth of equipment free from the Government, and use them most of the time on private commercial work.

IMPACT ON STATE AND LOCAL TAXES

Mr. Curtis raised a very appropriate if somewhat secondary problem of what does this do to the local and State governments, which rely on a property tax, and cannot tax this property. After all, \$11 billion is not just a small amount—it is an enormous amount. But it can result in great penalty for them.

Congressman Rumsfeld?