

He said, "Second, much Department of Defense procurement is exempt from renegotiation." Hence the need for my bill, H.R. 6792.

He said, "But most important, the Board cannot really determine how much profit a supplier makes since, as I have said before, there are no real accounting standards which industry must follow in accounting for work under Government contracts." Here, I defer to the admiral.

My knowledge of the DOD procurement process is not extensive but I do see several difficulties in present DOD practices which the Renegotiation Board can partially compensate for.

First, it is my conviction that the procurement process is not weighted as it should be, in favor of the American taxpayer. Admiral Rickover said, "I think the Defense Department is influenced too much by people who have an industry viewpoint." An article in the National Observer for November 6, 1967, and an AP wire story which appeared about October 16, 1967, both pointed to disturbing connections between defense procurement officers and the "military-industrial complex." I do not believe the Department of Defense can be expected to adequately police its own procurement work. It took 5 years and heavy prodding from Congress before DOD this year issued regulations implementing the audit provisions of the Truth In Negotiations Act. It can be documented that the history of the Department of Defense in complying with its own regulations is not a glorious one. I believe Senator Proxmire and Congressman Minshall are correct in continuing to push for their legislation to strengthen the Truth In Negotiations Act.

The Renegotiation Board, in contrast, is independent, judicious and nonpolitical. Its only job is to police excessive profits. The Board is not arbitrary. Nine out of 10 contractors reach agreement with the Board on its excessive profits determinations, and more than one-third of every 10th contractor eventually concedes the Board's position. Apparently, the Board is so fairminded and nonpolitical that few members of this Congress have had the occasion to learn about its functions.

A second difficulty with the procurement process is that the so-called competitively bid contracts cannot always be called competitive by any stretch of the imagination. Congressman Pike uncovered several such cases. For example, the DOD had contracted to pay \$312.50 apiece for a small-sized plastic adjusting knob for field generators. It turned out that the supplier was paying only \$1.62 apiece for them from the manufacturer. But the irony is this: since the contract was formally advertised, it was considered competitive and DOD therefore chalked it up as a saving for the U.S. taxpayer of 25 percent on the \$33,000 contract. And the Armed Services Procurement Regulations that describe contract awards as competitive when one response is received just so two or more proposals were solicited is perpetrating a definition of competition that is beyond me. The ASPR that permits purchases of \$2,500 and under to be considered competitive also escapes me.

Although the Truth in Negotiations Act is not applicable to so-called competitive contracts, there is no limitation on the type of contract the Renegotiation Board can review. They review competitive contracts and negotiated contracts, whether cost-plus, firm fixed-price or incentive. I should say all types of contracts are reviewed by the