

only the most general knowledge of the PRC-77. To build it Decitron would have needed extensive technical data to be obtained from the first production contract, and to wait for them would require slippage in necessary delivery schedules. Without these data, any radio built by Decitron, even if it met most of the general performance standards of the PRC-77, could not be a PRC-77. It would be a new item, with many parts not interchangeable with those of the PRC-77 and probably unable to interface with the amplifier and classified equipment which the PRC-77 uses.

"You also referred to two modifications of the second PRC-77 production contract increasing the quantity, while extending the delivery time. Actually, only one of the modifications you mentioned increased the basic contract quantity. This occurred on 31 May for an additional 1298 units at the basic contract price, in order to meet an urgent need for Southeast Asia—priority '06'. Deliveries will not stretch out beyond the contract term: the 1298 radios will be delivered by RCA between February 1968 and August 1968 at no increase in unit cost to the Government. The production period of the basic contract is February 1968 through May 1969.

"The action on 16 August 1967 was not an increased buy. It was simply the exercise of the second-year part (5400) of the basic two-year contract. The Army awarded a two-year contract in order to obtain a substantially more favorable price per unit on the first-year buy.

"You stated that a foreign company is building the PRC-77 with the RCA drawings. I assume you referred to the radio being manufactured by Tadiran, a company in Israel. That firm does not have the PRC-77 drawings, and as far as the Army is aware is building only a PRC-25 with some improvements designed into it by that firm. It is not a PRC-77.

"In regard to the PRC-62 radio, award of the contract followed established procedures for research and development awards, as is well documented in the General Accounting Office report of 13 February 1964 to former Congressman Wilson which you noted. The Army did not imply that ITT, Bendix, Advanced Communications or General Motors cannot build a portable radio. As the GAO report to Congressman Wilson states: 'All fifteen proposals received were considered responsive.' The award was made to RCA because it submitted the proposal judged most capable of meeting the Army's requirements.

"You implied a favoritism by the Army toward RCA, and toward larger contractors in general, which simply does not exist. The Army certainly makes every effort to award contracts to small business, but cannot do so at the sacrifice of meeting military needs. RCA is a highly competent company and has played a major role in development of portable radios over the years. That it obtains some of the Army's electronics contracts can hardly be surprising. But RCA is by no means the Army's major electronics contractor. It received only \$28.5 million out of \$851.1 million total USAECOM awards in FY 1967. Nor does Decitron, the company which attempted to obtain the second PRC-77 production contract, lack military business. On 21 September 1967 the Defense Contract Administration Service advised that Decitron's capacity is so overloaded that a plant survey will have to be conducted before placement of any additional Government contracts with the firm.

"Although no names or instances were specified, you implied possible misconduct of Army personnel in award of the PRC-25 and PRC-77 contracts to RCA. I have no reason to entertain such a suspicion and no evidence to support it. However, if any misconduct is revealed by you or by the investigative agencies now on the scene, I shall of course take prompt action.

"Assuring fair, honest and efficient practices in all Army procurement agencies is a responsibility which is taken seriously at all levels of the Army. I should be pleased to discuss the matters covered above, or any others, with you at any time. I believe that in reviewing them you will conclude that the contracting decisions in question were made not only honestly, but wisely and prudently as well.

"Sincerely,

"STANLEY R. RESOR, *Secretary of the Army.*"

The procurement of the AN/PRC-25 Radio Set mentioned by Senator Dominick is discussed in detail in Secretary Resor's 20 October 1967 letter.

The AN/GRA-6 Control Group mentioned by Senator Dominick was developed prior to March 1949 and six production contracts were entered into from that