

COMPANY REFUSED TO ACCEPT ORDER

Mr. BARRETT. Well, I have just been asked by the staff to ask you whether you ever had an order rejected?

Admiral RICKOVER. Yes, sir. One firm rejected an order for the main propulsion equipment for a new submarine and the Department of Commerce rejected our request for a directive. But maybe the person who testified just didn't know that; it is possible he hadn't been briefed properly.

Mr. BARRETT. I am informed he was the Assistant Administrator for Industrial Mobilization from the Business and Defense Services Administration.

Admiral RICKOVER. I believe he is the gentleman who would not issue the directive we requested. I would think he would know better.

Mr. BARRETT. The gentleman from the Business and Defense Services Administration further stated that his agency made an independent determination as to whether a rejection of a rated order by a corporation for production of Defense material was legitimate. His answer was, in effect, that the Government made an independent evaluation.

In your experience, is this correct?

Admiral RICKOVER. It is not, sir—not from my experience with the Department of Commerce.

Mr. BARRETT. It is not? I am going to ask you, Admiral, if you would be kind enough to amplify your answers.

Admiral RICKOVER. I will be glad to do that, sir.

My experience has been that the Vietnam buildup and the high demand for civilian goods has complicated the defense procurement picture. Lead times have increased substantially. Prices are getting higher and higher. Many suppliers no longer bid on defense work. Our shipbuilders report that they often request bids from as many as 10 suppliers but get bids from only one or two firms.

In the nuclear power industry the competition for technical talent and production capacity has become keen because of the remarkable growth in demand for civilian electric utility reactors in the last few years. I recently prepared a paper on the effects of the expanding market for civilian electric utility nuclear central stations the industrial base for naval nuclear propulsion plant components. The Chairman of the Atomic Energy Commission submitted this study to the House Armed Services Committee on January 15, 1968. It illustrates some of the complications encountered in procuring this type of equipment for defense needs. From what I hear, the nuclear industry is not the only place where it has become more difficult and expensive to get defense work accomplished.

Mr. BARRETT. Can we have a copy of your paper, Admiral?

Admiral RICKOVER. I will be happy to provide it for the record. (The information provided is included as appendix 2).

DEPARTMENT OF COMMERCE REFUSAL TO ISSUE DIRECTIVE UNDER DEFENSE
PRODUCTION ACT

Mr. BARRETT. I am particularly interested in the case where the Business and Defense Services Administration refused to issue a directive to a supplier, one of the Nation's largest defense contractors, to accept a rated order for defense production. I believe you testified on