

this case last year in testimony before the House Appropriations Committee and the Joint Committee on Atomic Energy. Would you please explain this case to this committee, Admiral?

Admiral RICKOVER. I will be glad to, Mr. Barrett. It involves the procurement of propulsion plant equipment needed for a new design submarine being developed by the Navy. This submarine offers potential for an important improvement in military capability and is thus an urgent military requirement.

The Navy determined that only one firm had the necessary experience to provide the equipment desired. This firm had extensive past experience in building equipment of a similar design for the Navy, however they refused to bid on the work.

The Navy initially requested assistance from the Department of Commerce on March 30, 1967. At that time we were told by the Executive Secretary of the Business and Defense Services Administration that the Department of Commerce would be unable to provide us the needed directive because the work involved design and engineering. The Executive Secretary explained that the Defense Production Act did not give the Department of Commerce authority to direct people to think.

I refused to let the matter rest with this decision and requested consideration at a higher level in the Department of Commerce. The matter was then discussed with the Assistant Administrator for Industrial Mobilization of the Business and Defense Services Administration who stated, initially, that he would assist in the matter. He indicated that, if necessary, the Department of Commerce would issue a directive under the Defense Production Act requiring that the firm accept the order. However, he stated that he believed the Business and Defense Services Administration would be able to convince the firm to accept the order, and so there would be no need for a directive.

On April 3, 1967, the Department of Commerce met with representatives of the Navy and the firm involved. The firm was asked to reconsider its position and respond to the Navy by April 5, 1967. On April 6, 1967, although no reply had been received from the firm, the Navy was advised orally that the Department of Commerce would not issue a directive because the Navy had not formally issued a rated order to this firm. The Department of Commerce insisted that we issue a rated order even though the supplier had on several occasions told us that he would not do this job.

On April 20, 1967, the firm formally rejected a rated order issued by the Navy's prime contractor.

The Navy, in a letter to the Department of Commerce dated April 28, 1967, again requested that a directive be issued.

On May 5, 1967, the Department of Commerce held another meeting with the firm.

On May 10, 1967, the firm advised the Department of Commerce that their workload for the Navy, coupled with a very limited resource of experienced engineers prevented them from considering such a project at that time. The firm stated it would not be in a position to review the design specifications until about April 1968, a year later.

Mr. BARRETT. Admiral, the Assistant Administrator for Industrial Mobilization, Business and Defense Services Administration in the