

Department of Commerce, has commented recently on this case. I would like your comments on these statements.

The Department of Commerce letter stated that on March 30, 1967, the Department of the Navy requested the Business and Defense Services Administration (BDSA) to issue a directive to the firm involved to "accept, produce and deliver a propulsion system on an order which at the time of the request for a directive had not yet been placed" by the Navy.

Can I have your comment on that?

Admiral RICKOVER. The Navy's request for Department of Commerce assistance was on March 30, 1967. During March 1967, the firm involved had on four separate occasions—on March 3, 8, 14, and 23—officially refused to bid on an order to provide the equipment needed by the Navy. I do not know why the Department of Commerce insisted on obtaining another official refusal from this firm. In my opinion this was unnecessary and a waste of time. However, the Department of Commerce was adamant that they would not issue a directive and that we should again request the firm involved to do this job. All this did was further to delay the matter.

Mr. BARRETT. The Department of Commerce also has indicated that its representatives met with the firm involved on May 5, 1967. From that meeting the Department of Commerce concluded in a memorandum to file that the issue of compliance with the Business and Defense Services Administration priority regulation was not involved and that the real problem was a technical one which had to be worked out between the firm, the Navy's prime contractor, and the Navy Department. What technical problem was being referred to?

Admiral RICKOVER. The firm initially alleged that the project was difficult technically and that two technical breakthroughs were needed on the project. The Navy quickly settled that issue during a meeting on May 23, 1967 attended by representatives of the firm, the Navy, the Department of Commerce, and the staff of the Joint Committee on Atomic Energy. At this meeting, the firm stated that they did not question and never had intended to question the basic technical feasibility of the job. This statement is in the minutes of that meeting. There was no other technical problem I am aware of unless the Department of Commerce considered the firm's assertion that they did not have enough engineers to do the job a technical problem.

Mr. BARRETT. Did the Department of Commerce consult with the Navy concerning the firm's assertion that they did not have available sufficient qualified engineering personnel to start work on the design of this equipment until 1968?

Admiral RICKOVER. No, sir. The Chief of Naval Material in a letter dated April 28, 1967 to the Department of Commerce stated that the Navy did not agree that the firm did not have the small number of engineers required for this work. Nevertheless, the Department of Commerce did not consult further with the Navy on this matter. The Navy estimated that this job would require 10 to 15 engineers. The firm involved has thousands of engineers.

At the very same time the firm was telling the Department of Commerce that they did not have the necessary engineers, I had one of my people check the firm's telephone directory. We quickly found that engineers experienced on this type of Navy work were listed as being assigned to commercial work.