

DEPARTMENT OF COMMERCE OFFICIAL TESTIFIES DEFENSE PRODUCTION IS
"ON SCHEDULE"

Mr. BARRETT. On June 23, 1967, Chairman Patman, in his capacity as chairman of the Joint Committee on Defense Production, asked Mr. Rodney Borum, the Administrator of the Business and Defense Services Administration, the following question at the hearing of that committee:

Has the operation of the Defense Materials System enabled current defense and atomic energy production to remain on schedule?

Mr. Borum answered, "Yes; it has."

Given the date of the question and answer, June 23, 1967, would you say this was an accurate statement?

Admiral RICKOVER. I do not believe the statement is accurate, but I hasten to point out to you that Mr. Borum probably has been told that everything was working well. To the best of my knowledge, the Department of Commerce has no system for determining whether industry production is actually supporting defense requirements. Neither, for that matter, does the Department of Defense. I believe the Department of Commerce bases its judgment on how well it's doing on the number of complaints received from industry or from Government agencies. Although the Department of Commerce reported they received many requests for assistance in 1967, I don't see how they could say "no" to your question. If they had answered in the negative, you would have asked what was being done to improve the defense materials system.

Mr. BARRETT. Should Mr. Borum have known of the Department of Commerce refusal in May 1967 to order the firm to accept this priority defense order?

Admiral RICKOVER. I assume he did not know much about this matter. Mr. Borum disqualified himself from the case because he had worked for the firm involved before he became the Administrator of the Business and Defense Services Administration.

Mr. BARRETT. Did Mr. Borum have any direct connection with any aspect of this firm's problem at any time? If so, what was it?

Admiral RICKOVER. None that I know of, sir. Admiral Arnold from the Office of Naval Material telephone him on May 12, 1967, to request his assistance in getting a directive issued; Mr. Borum, however, told Admiral Arnold that he would have a subordinate return Admiral Arnold's call, explaining that he had to disqualify himself because of his former affiliation with the firm.

Mr. BARRETT. I note that you provided a complete listing of the events concerning this matter to the Joint Committee on Atomic Energy. Would you provide this listing to us for the record?

Admiral RICKOVER. I will be glad to give you the chronology I provided the Joint Committee on Atomic Energy.

(The information provided is included as appendix 3.)

Admiral RICKOVER. Let me briefly summarize the situation.

NAVY FORCED TO ACCEPT REDUCED RIGHTS IN CONTRACT

After several months' effort in attempting to obtain a directive from the Department of Commerce, the Navy was finally told by the Secretary of Defense to meet with the firm and negotiate an agreement in the matter.