

Mrs. SULLIVAN. In view of your recommendation, why did the Navy agree to accept less than its normal right?

As I read section 707 of the Defense Production Act, which I mentioned earlier, the Navy shouldn't have to accept less than they normally get. Let me read this section again:

No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under Title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

Admiral RICKOVER. Mrs. Sullivan, I believe the section of the Defense Production Act you just read would only apply if the Department of Commerce had issued the directive as the Navy requested. Since the Navy could not get a directive, it was left to reach agreement on the best terms it could get. Development of this submarine is an urgent military project so the Navy had no alternative but to concede on these points.

The Navy was thus denied the protection the law provided.

DEPARTMENT OF COMMERCE EXPEDITING ASSISTANCE IS OF NO HELP

Let me give you another example.

In most instances the Business and Defense Services Administration provides priority assistance by issuing a directive to a supplier, the directive requiring delivery by a given date. The description in the Business and Defense Services Administration regulations of a directive and its effect is clear:

Section 16. Mandatory orders and directives.

Every person shall comply with each mandatory order and directive issued to him by NPA (now BDSA). Mandatory orders and directives issued by NPA (now BDSA) take precedence over rated orders previously or subsequently received, unless a contrary instruction appears in the mandatory order or directive.

The results I have obtained from use of these clear directives are unimpressive.

In obtaining nuclear cores for the aircraft carrier *Enterprise*, the Atomic Energy Commission requested Business and Defense Services Administration assistance to improve material deliveries to its prime contractor in order that the cores would be available in time to refuel the ship. Eleven orders were involved. There was not a single order in which the Department of Commerce was able to assist in improving the delivery from the dates the supplier was quoting without Department of Commerce help.

In one case, the Department of Commerce took it upon itself to issue a directive for dates later than the supplier had already agreed to give the Atomic Energy Commission's prime contractor.

In every case, actual deliveries were later by an average of 5 months than required by the Atomic Energy Commission and than the dates included in the Business and Defense Services Administration directives.

In fact, we have found we do better if we avoid the Department of Commerce, because we are then free to work on the problem directly and are not counting on illusory hopes of outside help.