

takes place on contracts under \$500. I believe the Defense Department had some \$4 billion worth of equipment that was purchased in this fashion.

I have just recently come to this committee. I have been on the Space Committee prior to this time and uncovered some instances whereby NASA was paying four and five times, in some cases 20 times, the catalog price for a particular item that had been sold to the private sector.

I wonder if you have any comment on this?

Admiral RICKOVER. Mr. Wolff, I think if you start getting into these small items, you will always be able to find many to make issues of, but the time and energy you spend on any one of those small items, if devoted instead to taking care of the large contracts by setting up rules, would be of far greater help as far as money saved is concerned. It would also help create the climate to take care of the small ones.

Otherwise you would require formal contracts for small items. It wouldn't be worth it with the amount of time you would have to devote to it.

Mr. WOLFF. We are planning to put into NASA procurement a "most-favored" customer clause which actually will be protective.

Admiral RICKOVER. That is an excellent idea, but you must not make the method too onerous or difficult, nor require too much paperwork for the small items, because the cost of paperwork mounts rapidly, too.

There is the well-known story of the several thousand excess oyster forks found in stock during World War II. That story is told perennially; it is quoted, and properly so, as an example of Government waste. You can always point to dramatic stories like that, but they are not very meaningful in the context of the very large sums of money it is possible to save today.

In 1947 when Gen. George Marshall was Secretary of State he ordered George F. Kennan to organize the Department's policy staff. Its first job was to address itself to the economic plight of Western Europe. The study prepared by the policy staff was of importance in the subsequent Marshall plan. The only advice Marshall gave Kennan was "Avoid trivia."

We will not have the time or the energy to solve large problems if we waste our energy on trivia. This is exactly what proponents of the status quo want us to do. The public understands oyster forks; it doesn't understand renegotiation, truth in negotiations, standard accounting systems, and so on. For this reason the oyster fork story always gets publicity; the important items don't. It is up to us to educate the public. It isn't that the public doesn't have the intelligence to understand; it is because they haven't been given the information. When a man steals several thousand dollars from a jewelry store, this makes the front page. When a number of large companies defraud the Government or municipalities of millions of dollars, there is generally a small item in the back part of the paper or in the financial section, which few people read.

Mr. WOLFF. \$4 billion is not trivia.

Admiral RICKOVER. You are quite right, sir. I did not mean to imply that it is not worth while saving on small sums, and I believe the most-favored-customer clause will be of help. I was merely trying to urge that in executing purchase of small items we not require excessive