

Our preliminary information is that Chromcraft received more than a score of contracts totaling about \$100 million from the Navy and the Army. I should explain that the Navy buys rocket launchers both for itself and the Air Force. The Army buys its own. At the same time the Army is the single procurement agent for the rocket, as distinguished from the launcher, for all three services.

The purpose of our hearing today is to examine the procurement situation which led the military services to go sole source for so many years and to ascertain what plans, if any, they have to broaden the production base and introduce competition into this procurement.

This hearing is in executive session for two reasons: (1) We do not want to interfere in any way with the Department of Justice legal action by publicizing information on the company. (2) To some extent the material is classified, particularly the data on inventory and requirements. Also, we want a frank discussion of procurement plans or intended Government actions, and this may not be appropriate for the public record at this time.

Accordingly, I am going to ask that this hearing be treated as dealing with classified material, up to and including the secret level, and that any discussions touching on the causes or nature of the legal action also be held in confidence by all participants. If and when this record, or any portion of it, or any report thereon, is publicly released, we will have prior consultations with the Department of Justice and the Department of Defense.

We do expect that a public report can be issued on the procurement problems. Our committee has a proper interest and objective in holding this hearing at this time because we are interested in improving procurement practices and procedures, as other studies and reports of our subcommittee attest. In fact, we examined this rocket launcher area in great depth and detail some years ago, and have issued two previous reports on the subject.

This hearing will serve to bring us up to date, and we will take a reading of the procurement practices in this field today.

In a report now 10 years old, we made some recommendations about integrated procurement of rocket launchers among the services which are still valid. Furthermore, as we pointed out in a 1960 report, the procurement experience in connection with these rocket launchers has disclosed many procurement problems of broader significance and applicable to the whole procurement field. Therefore, this should be a useful lesson for those engaged in Government procurement.

In addition to representatives of the three military departments and Department of Defense observers, we have several staff members from the GAO who are working with our own staff at our request. We may want to call upon them for such information as they have about their auditing of these contracts. Also, we may require some follow-up information from documents and otherwise, and we ask the procurement agencies concerned to cooperate with the GAO staff working with our subcommittee.