

TESTIMONY OF HON. BARRY J. SHILLITO, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND LOGISTICS); CAPT. E. E. McMORRIES, DIRECTOR OF PROCUREMENT, OFFICE OF THE ASSISTANT SECRETARY OF THE NAVY; ALBERT H. STEIN, DEPUTY GENERAL COUNSEL, OFFICE OF THE GENERAL COUNSEL; JAMES S. TASSIN, PURCHASING ASSISTANT TO ASSISTANT EXECUTIVE DIRECTOR FOR PURCHASING, NAVAL AIR SYSTEMS COMMAND; LYMAN BOTHWELL, ASSISTANT COUNSEL, NAVAL AIR SYSTEMS COMMAND; JUDD ERHARDT, ARMAMENT NEGOTIATIONS SECTION, PURCHASE DIVISION; COMDR. MARTIN J. KATCHER, U.S. NAVY, PROGRAM MANAGER'S OFFICE FOR AIRBORNE WEAPONS, NAVAL AIR SYSTEMS COMMAND; CAPT. D. H. JAY, U.S. NAVY, AIRBORNE WEAPONS PROJECT MANAGER, NAVAL AIR SYSTEMS COMMAND; RICHMOND D. CHAMBERS, PRODUCTION BRANCH OF THE ARMAMENT DIVISION, NAVAL AIR SYSTEMS COMMAND; LEE MORGAN, ARMAMENT DIVISION, NAVAL AIR SYSTEMS COMMAND; AND COMDR. JOSEPH W. BROWN, JR., U.S. NAVY, INTERNATIONAL LOGISTICS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. HOLIFIELD. Now, Mr. Shillito, will you proceed with your statement?

Mr. SHILLITO. Thank you very much, Mr. Chairman.

I am Barry J. Shillito, Assistant Secretary of the Navy (Installations and Logistics), and I am appearing here at the request of your committee, as you know.

I would like to mention first that, as just covered, we do believe that the kinds of questions that you may have will lead to the necessity for various experts in the Navy being in attendance, so consequently, we do have such experts available to answer your questions—contractual, legal, production, and technical questions. I think we should be able to answer all the questions you might raise.

From 1960, the date you have suggested, the 2.75-inch rocket itself remained relatively stable in design until 1966-67. The shift from its original design as an air-to-air weapon to an air-to-surface configuration progressed slowly until 1966 and 1967 with the increase in the tempo of Southeast Asia operations. During the period of relative stability, 1960 through 1965, the basic Navy/Marine and Air Force launchers were the LAU-3 (19 round) and the LAU-32 (7 round). Minor variations, leading to differing nomenclature, were instituted from time to time to meet specialized requirements of one or another of the services. Lack of time plus dynamic product design caused one company to emerge as the lowest price, high quality, on-time producer.

During the total period under discussion, the Navy has been, and still is, the procuring agency for launchers for the Air Force as well as for the Navy and Marine Corps. Army procurement is handled directly through appropriate Army activities. Alcoa, Inc., is the primary producer and has delivered a quality product, and possesses excellent capabilities for producing in quantity and on time. However, because of suspected irregularities involving the company and its two