Mr. ROBACK. You think you can demonstrate that?

Mr. TASSIN. Well, I think the LAU——

Mr. ROBACK. Can you give us a few selected examples? I just want to find out.

Mr. TASSIN. The LAU-3/A, sir——

Commander KATCHER. You may refer to the chart, sir, the LAU-3/A, the initial buy from Chromcraft was at $179 for 3,300. When the quantity went up, it was down just a couple of dollars. However, as the quantity went up still more in the next buy, down the line, it went down 6 more dollars. The quantity went up further, and it went down 5 more dollars. The quantity didn't go up, but it was a substantial quantity and learning curves, and so on might have entered into it, and there was still a price decrease of 8 more dollars. The price went up when the quantity went way down by a factor of 10, and the price went back up $7.

The current buy of 81,000 shows a price reduction of over $30.

Mr. ROBACK. Since you have not been able to test it out in the market, really, the price of this item, how do you know it is a fair price? Your statement has said it is fair and reasonable; or at least suggested that it is satisfied with it. How do you know that?

Commander KATCHER. Other prices bid were substantially higher.

Mr. ROBACK. Portsmouth was new and didn't have any idea. You can't test out a price unless you have people in the same strategic position.

Commander KATCHER. The Lockley Corp. does the launcher currently, the LAU-10's, for the "Zuni" rocket, and they bid on this item and were higher.

Mr. LUMAN. That was on the one that shows as a modification in our chart, the one with the six firms bidding?

Commander KATCHER. Correct.

Mr. ROBACK. One instance in 18 different contracts——

Commander KATCHER. Eight contracts for this item. There were two basic competitions out of the eight contracts for this item, and the prices were higher by those two bidders.

COST OR PRICE ANALYSES

Mr. TASSIN. I would like to add, Mr. Roback, to that statement that there were cost or price analyses performed on each of these, together with audit assistance as to what costs should be, the labor rates, material costs, and other items that go to make up a cost analysis.

Mr. ROBACK. Well, you have to make cost analyses. These were cost rather than price analyses, right?

Mr. SHILLITO. Yes, sir.

Mr. ROBACK. They are based upon access to the data, audit access, or based upon estimations?

Mr. TASSIN. They are based on the submission of the contractor as well as having his submitted cost data subjected to a review by either—I can call them administrative personnel, or the DCAS, Defense contract administration personnel in the plant, as well as by the Defense contract auditing agency personnel who work in the plant.

Mr. ROBACK. You know that the Navy auditors have had trouble getting information here, do you not?