

not getting economies of scale. We bear a large measure of the responsibility, as well, so we cannot just shift it over to the Pentagon, the DOD. We are there, too.

Part of the problem is we do not have a good deal of information on which to rely. For example, the SAR's, the quarterly selected acquisition reports, are not easily understood. Kelly Burke has said, "Frankly, I do not know what they mean." If he could not interpret them, how are Members of Congress to interpret them. He said, "I frankly do not understand them." Well, if Kelly Burke could not understand them, then I doubt very much if members of this committee or anyone in the Senate is going to understand them.

The second point, I think in terms of having access to information is, I think it is almost too late by the time it comes to us. If you do not make the decision over in the Pentagon, by the time it goes through and it comes to Congress, it is too late. We simply are not in a position to be able to follow cost growth. We cannot do it.

So by the time these problems come to us, it is almost too late. So I have submitted for some time now that it has got to be stopped or started over at the Pentagon level when these systems first are conceived and first funded.

The second problem which concerns me is the lack of competition in defense procurement. I know this has been summoned and proved, but the fact remains that in 1981, 55 percent of the value of all the DOD contracts were sole sourced. That is, they were let on noncompetitive basis. In fiscal 1982, 54 percent were sole sourced. So we cut 1 percent off the sole-source contracts. It is necessary that we focus more attention on this area. We have got to get more competition in the Department of Defense procurement process and in all of our Government agencies, for that matter.

This country theoretically is dedicated to the theory that if you have more competition, you will get a better product at a lower price. Yet we find that we do not have enough competition within the defense industry itself, which is one of the reasons why this committee has recently reported out a bill called the Competition in Contracting Act. S. 338 is designed to try and encourage more competition rather than less.

As Dr. DeLauer knows, there are some 17 exceptions to the use of formal advertising, which authorizes agencies to negotiate. The one exception that is invoked most frequently is the "competition is impractical" exception. Approximately 60 percent of the value of all DOD contracts was negotiated noncompetitively through this exception.

It seems that this is the largest loophole we have, and we would like to see it closed. I am hoping that the Pentagon will see fit to support the competition in contracting bill, which has been referred to the Senate Armed Services Committee. Hopefully, we can structure it in such a way that it does not undermine the legitimate concerns of those in the defense field, but achieve the goal of having more competition to get a better product for a lower price. So I look forward to Dr. DeLauer's and Secretary Thayer's testimony this morning.

[The prepared statement of Senator Cohen follows.]