

Packard Wouldn't Open Firm's Books

By Drew Pearson
and Jack Anderson

One little-known fact about the new Deputy Secretary of Defense, David Packard, is that his firm, though doing millions of dollars worth of business with the Defense Department, refused to open its books to the General Accounting Office. The GAO, which is required to check on Government contracts, was suspicious over the Hewlett-Packard Company's high profits, wanted to see whether prices had any relation to costs. It was charging in some cases a 94 per cent price increase.

But Packard, who now becomes No. 2 man in the Defense Department, objected. He objected for five long years. Meanwhile, the issue of whether he had to open his books was battled out in the courts. In the end he lost. The Packard company was forced to open its books to the Government.

Sen. Margaret Chase Smith of Maine, only lady Senator and a member of the Senate Armed Services Committee, was curious as to whether Packard, as Deputy Secretary of Defense, would continue to believe that defense contractors did not have to open their books.

"This matter has been decided by the courts," Packard

told her. "I would consider it my duty to uphold the law of the land."

Sen. Smith recalled that the GAO general counsel stated that of some 180 contractors whose records were examined in 1961-62 "Your company was the only one to refuse to allow the GAO to examine the cost records . . . I gather from what you have said you have changed your mind on this issue, then?"

"I have changed my mind, Senator Smith, because I think in the first place I have to support the rulings of the court, and I consider that question closed and settled," replied Packard.

But the lady from Maine was not satisfied.

"Since you have never requested confidential treatment of your company's cost data with the Securities and Exchange Commission under the law's provision granting confidential treatment in justified cases," she said, "I do not understand why you raised such an issue with the investigative arm of the Congress—the General Accounting Office. Why haven't you raised this issue with the SEC?"

"The SEC disclosure provision," replied Packard, "requires disclosure of a company's over-all financial affairs, its profits, its costs, and all of the other pertinent financial information. I am

entirely in accord with that. "It was simply that the disclosure of specific costs on a specific instrument we thought might be well not to have in the hands of competitors."

94 Per Cent Rise

But Mrs. Smith was not finished.

"Obviously, Mr. Packard," she remarked, "one of the purposes of the GAO audit was to determine if your company had made excessive profits on its contracts with the Air Force, since the GAO reported the proposed prices of your company exceeded the previously experienced costs under prior contracts for similar beams by 94 per cent. . . .

"Do you feel it was unreasonable for the Congress through the GAO to have the cost data to determine if your company had made excessive profits, especially when you had not asked the SEC for confidential treatment of the cost data of your company?"

"I think there must have been misunderstanding about these items," alibied Packard. "They were standard commercial products that we supplied."

"Again," said Packard, "I emphasize that the issues have been resolved by the courts."

He never did adequately explain why he refused during a five-year court battle to let the Government see his cost

figures, though other defense contractors gave the Government ready access.

Anti-Medicare Lobby

Two of the first people who called on Robert Finch after his appointment as Secretary of Health, Education and Welfare were spokesmen for the doctors and insurance companies. Finch is the boss of Medicare.

Dr. Dwight Wilbur, president of the American Medical Association, and Paul Hawkins, Washington representative of the Health Insurance Association of America, came around to see Finch about legislation to curb Medicare and Medicaid.

Slow-Moving Congress

The new 91st Congress is starting at the usual turtle pace. On the House side, literally nothing has been done in the last three weeks.

Meantime, House leaders have agreed to a series of vacation periods, beginning Feb. 7 when members will enjoy a week of time off, with pay, at taxpayer expense, over Lincoln's Birthday.

This will be followed by a 10-day recess for Easter in April, a long Memorial Day weekend at the end of May, another long weekend over July 4, plus an extra three-day holiday beginning Aug. 13.

© 1969, Bell-McClure Syndicate, Inc.

Today's Crossword Puzzle will be found in the Style Section

Urain Effective Thru 1-29-69