

Mr. NORBLAD. Thank you.

Mr. COURTNEY. He is going to discuss aircraft maintenance.

Mr. NORBLAD. Is that aircraft or automobile?

General BUNKER. That is an aircraft engine.

Mr. HÉBERT. That will be discussed by General Bunker.

Mr. Secretary, I have only one question to ask. I fail to find here a definitive answer or a positive answer as to whether or not the letting out of contracts is more economical or more costly than the inhouse work.

You roam all over the field here, first in left and right and in center, and then behind the homeplate, but come up with no decision. What is your opinion?

Secretary IGNATIUS. Well, I think that we have tried in the Army, and I think with good success, as the other witnesses will attempt to point out, to go out for services only when we do not have the capability inhouse sufficient to do it or only where we lack the technical competence to do the work.

The Army, I think, has done a very good job of balancing what it does inhouse and what it does out of house.

So that in order to answer your question in terms of a cost comparison, if we have the capability we want to do it inhouse, and the reason we want to is in order to be ready to meet our mission, which is to close with and defeat the enemy in sustained combat.

When we can't do it and yet need the services and have to go out, we have to pay the cost of these services which we either don't have at all or don't have in the requisite quantity.

Now, in terms of the costs of these effort contracts, undoubtedly the salaries that we might pay for a civilian engaged in an operations research or a management consulting firm would be, generally speaking, higher than the civilian pay scales that we have in the Army on a direct salary basis.

When we get into overhead loadings on these things, I think you get into fairly complicated questions. In comparison to military personnel, the salaries would also be higher, but there are other costs associated with military personnel that would have to be taken into account. I don't know that I have answered you.

Mr. HÉBERT. You have not.

I am trying to find out here the figures—after the two directives came out, to make a survey. You refer to the bakeries, but I am sure there was another figure here as to how many operations were closed down and subsequently contracted out.

Mr. KITCHIN. If I recall correctly, 7 were closed and 8 reduced, weren't they, out of that 1,280-some?

Secretary IGNATIUS. Yes sir, in the second one.

That was quite some time ago. I do not have any figures on that.

Mr. HÉBERT. Well, out of all this study, only seven were closed down?

Secretary IGNATIUS. In this particular one—in this one of the 1,200 or so.

Mr. HÉBERT. Well, suppose you tell us, Mr. Secretary, in what fields, in what areas, was the contracting out policy adopted by the Army? Which previously had been done inhouse by the Army? Bakeries is No. 1.