

Secretary IGNATIUS. At least I could do that category by category.

Mr. HÉBERT. That is the reason I asked that.

Secretary IGNATIUS. With regard to bakeries, my testimony did make reference to costs. And the cost of doing it in-house was roughly comparable to what it cost to buy it from commercial sources.

I would think that in each of these several categories here we might be able to provide cost data.

I think the question is a fair one. And I would hope we did this in 1954-59. Otherwise, there is no point to the exercise, as you point out.

Mr. HÉBERT. That is right, absolutely nothing.

Secretary IGNATIUS. This is what the industry calls a make-or-buy decision.

And normally you shouldn't make yourself what you can buy more economically on the outside.

Mr. HÉBERT. Now, there must have been a reason, a philosophy or thinking behind the directives issued by the Bureau of the Budget, supplemented by the Department of Defense.

Secretary IGNATIUS. Yes, sir.

The basic reasoning as set forth in the directives is that this is an economy, a free private enterprise economy, and we should not go out of our way, so to speak, to be in competition, the Government to be in competition.

Mr. HÉBERT. That is correct.

However—unless it is in the interest of the Government not to do so.

Secretary IGNATIUS. Yes, sir.

Mr. HÉBERT. Now we come up 8 years later and we have no figures to show whether it was in the interest of the Government or not in the interest of the Government.

Mr. KITCHIN. I think, Mr. Chairman, another thing.

If I recall correctly—

Secretary IGNATIUS. Yes, sir.

Mr. KITCHIN. An answer to the chairman's statement, or an attempt to answer his question, was that price and cost alone was not the only prerogative granted under this BOB policy.

Secretary IGNATIUS. Yes, sir. And I think that is an important distinction. And the chairman has touched on that also.

There is such a thing as maintaining a capability.

Now, this has been very evident to me in the last few weeks, when we have been attempting to develop a good deal of figures for the Congress with regard to the so-called Berlin supplemental.

We were interested in this, in the question of increased quantities of equipment, in order to support a larger Army.

And it was perfectly evident as we began this work, under the time frame established in the planning, that one of the main sources for increased equipment within a short period of time was from rebuild of serviceables in our inventory.

And I think that this is a very important point here, as to why we need to have in the Army capacity to do this kind of thing, because you can't in the short run get equipment by starting new lines.

You can add to lines already going. But you have to have a rebuild capacity. You have to have the skills. And you have to have the equipment.