Mr. HÉBERT. General, you have had personal contact with this situation?

General BUNKER. Yes, sir.

Mr. HÉBERT. For how many years, now?

General BUNKER. Six years, sir.

Mr. HÉBERT. Six years.

General BUNKER. Yes, sir.

Mr. HÉBERT. What is your opinion on the contracting-out features?

General BUNKER. It is my opinion that the contracting for maintenance operations and certain other things that we have done has not deteriorated our military capability, that in any area we do need the ability to perform a portion of all work—a sample, if you will, as a yardstick or standard of performances and costs, as a testing capability for degree of recovery, and that sort of thing. Fundamentally our contractors have been responsive to speedups to meet our requirements, they have been generally quite conscientious in quality control, and their costs as we have experienced them, where you can directly relate them, have been in general quite comparable.

The reason I can't answer that more accurately is that, as you are very well aware, sir, our methods of cost accounting make it rather difficult to clearly outline exactly what an operation on a large military establishment costs.

Mr. HÉBERT. It seems to me your cost-accounting system ought to be given a complete overhauling, if you can't tell how much you are getting out of your dollar.

General BUNKER. It is a question of paying for the excess capacity needed for mobilization, and whether you can separately cost that to one side.

Mr. HÉBERT. I recognize that.

But you can't come up with an answer.

Geneal BUNKER. Yes, sir, we can.

Mr. HÉBERT. Well, what is the answer? Is it more economical to contract out than it is not to?

General BUNKER. Generally the figures that we have worked up show in most instances a slightly higher cost by contract, on most things.

On certain items there have been rather large variations. But usually the reason for it can be determined by investigation. But I have some samples here.

For example, the R–1820 engine, which is about a 1,200-horsepower engine, our inhouse costs are $4,475, and our contract costs are $4,539, or, in other words——

Mr. HÉBERT. Where is that, General?

General BUNKER. These are just some figures that I have.

Mr. HÉBERT. Is it in here?

General BUNKER. No, sir.

Mr. COURTNEY. It is not in the print.

Mr. HÉBERT. It is not here.

General BUNKER. A smaller, opposed, six-cylinder engine, for fixed-wing aircraft: $2,205 inhouse against $2,214 done by contract.

On the other hand, I have some rather significant differences, to give an example of my other statement. On the overhaul of an engine in an industrially funded facility, the price that was trans-