and count the services, the value of the services in another sector of that particular operation, or in another piece of equipment or something of that nature, then you are still gaining.

General BUNKER. That is right.

Mr. KITCHIN. As against that cost, the personnel to do another function.

General BUNKER. That is correct.

Mr. KITCHIN. And the value of that service is not added into the cost on a comparative basis, as against your commercial operation.

General BUNKER. Well, an example of that came up, sir, on the question that has been included in one of these questions in the lists that were presented.

I closed the Holabird rail rebuild shop about 2 years ago. Our workload for that shop was something less than 50 percent of its capacity, and therefore it enjoyed a very high overhead rate.

In considering closing it, we recognized the fact that we have and could maintain an operation at Ogden, Utah, where the skills and knowledge of this profession, which is getting rather rare, of maintaining particularly steam railway equipment, could be maintained. And under those circumstances the decision was primarily a cost one.

If, however, we didn't have any facility, we undoubtedly would have kept it open without regard to how much more it cost us to perform the work there, because of the low workload and the rather large facility they had to keep going.

Mr. NORBLAD. They were civilians doing this work at Ogden, I take it?

General BUNKER. Yes, sir. There were civilians at both places.

Mr. NORBLAD. At both places?

General BUNKER. Yes. And there were approximately 90 civilians released at Ogden, about half of whom found other jobs. About half of them were ex-retired railroaders.

Mr. NORBLAD. I didn't mean to say civilians. I was trying to distinguish Government employees as against contractor's employees.

General BUNKER. Yes, sir; these were Government employees.

Mr. NORBLAD. In both cases?

General BUNKER. Yes, sir.

Mr. HÉBERT. Now, Mr. Secretary, you understand?

Secretary IGNATIUS. Yes, sir.

Mr. HÉBERT. You will supply for the record—I know you do not have it now—the details, or the categories of the items as far as you are able to ascertain?

Secretary IGNATIUS. Yes, sir.

(The information is as follows:)

With reference to the question of relative costs of inhouse operation as against contracting for these services, a true comparison of overall costs is usually not possible due to the difficulty of computing elements of depreciation, interest, and taxes on funds previously spent for capital assets, and of deleting Army costs related to the overall mission such as mobilization requirements. Cost, including the above elements, is not always a factor in determining whether a service or product will be produced inhouse or by a contractor. National defense requirements, including security and combat effectiveness, or the lack of inhouse capabilities might determine the source of the supplies or services without specific consideration of relative cost estimates.