

At the direction of the Chair, we inquired of the Department of the Army the scope, and obtained a listing of some of these contracts. And it is to them, and as to the subject matter, that the attention of the subcommittee is directed now.

Mr. HÉBERT. These are these "effort" or "think" contracts?

Mr. COURTNEY. These are—well, I don't want to get into semantics. If you want to get them, you have to ask for "effort" type contracts. So I better stick with that. Then I won't be lost in the woods.

Secretary IGNATIUS. Mr. Chairman and Mr. Courtney, we have with us General Ely, who is Director of Research for the Army, who can talk about some of these specific contracts in as much detail as we can provide at the moment.

We just got the list recently. I would like to make a general statement with regard to these "effort" or "think" contracts.

Many of them fall into two categories: One, management services, that is, management advisory services. And, secondly, what is sometimes called operations research.

The basic Army policy governing work of this kind is set forth in AR 1-110, which sets forth both the basic policies and procedures for contracting for this kind of work.

You might be interested in just a quick summary of the controls that are established by this policy statement.

With regard to the management consulting and advisory services, these must be approved contract by contract, or project, by the Comptroller of the Army, and by the Assistant Secretary of the Army for Financial Management.

There are three basic criteria that these gentlemen use in reviewing requests for contracting of this kind. The first one is that the work requires technical knowledge not available in the Army.

Secondly, that the project may require an outside, disinterested opinion. As you know, often businesses contract with consultants for this kind of thing, because the people on the job sometimes are committed to a particular structure of organization, and it is sometimes useful to have an outside, objective look.

Mr. HÉBERT. That is the blanket that covers everything.

Secretary IGNATIUS. Well, we try not to do that.

Mr. HÉBERT. It is.

As a matter of fact, isn't that a good escape clause?

Secretary IGNATIUS. Well, if it is not policed properly, it certainly could be.

Mr. HÉBERT. It is the avenue that leaves it way open to the Army to say, "Well, we want an outside opinion," and you go outside and get an opinion on ice cream cones, or anything else that you desire.

Secretary IGNATIUS. Yes, sir.

Mr. HÉBERT. I think that will be developed.

Secretary IGNATIUS. It could be abused.

And the third point or criterion is that the requirement is of sufficient urgency in terms of time that your available people who might have the technical competence are not able to do it within the time and still do the other work that they are responsible for.

The other category of these "effort" type contracts is the operations research area, where you have these studies of various kinds—mathematical analyses, and so forth. And here the Chief of Research and