

Shall I proceed with my statement, Mr. Chairman?

Chairman PROXMIRE. Yes. Handle it any way you want. You may either read the statement in full or abbreviate it as you wish, skip over or highlight it.

Mr. IGNATIUS. Mr. Chairman and members of the Joint Economic Committee, I appreciate the opportunity to appear before your committee once again. I propose to review briefly some of the items of particular interest to the committee, as evidenced by your April 27 letter to Secretary McNamara, and by the recommendations made in the committee's report last year.

COST REDUCTION PROGRAM

In previous appearances before this committee, Secretary McNamara has described the Department of Defense (DoD) cost reduction program and I am sure that all of you are familiar with it.

When Secretary McNamara first took office, one of his basic objectives was to identify those areas of the Department's logistical operations where good business management could reap readily demonstrable benefits. Twenty-eight areas were selected for emphasis. A 5-year program was established, individual goals were developed, and the results were measured, documented, audited, and reported.

The chart below provides a good example of the way in which management emphasis in a selected area can produce desirable results. The chart shows our trend away from noncompetitive to competitive contracting. During fiscal year 1966, the dollar value of contracts awarded on the basis of price competition amounted to 44.4 percent of the total value of contract awards—up from 32.9 percent in fiscal year 1961. Each year the actual results exceeded the goal we had established.

CONTRACTS AWARDED ON BASIS OF COMPETITION AS A PERCENT OF TOTAL DOLLAR VALUE OF CONTRACT AWARDS

