

aerial ports to South Vietnam make possible the delivery of a ton of east coast originated priority cargo to Saigon in 38 hours at a cost of approximately \$709. In the past, using C-124 aircraft and west coast aerial ports, this same movement would have required a minimum of 95 hours at a cost of approximately \$1,425.

In addition to the economies realized through introduction of the jet-powered C-141 aircraft and the direct polar routings permitted by such aircraft, significant improvements have been achieved in the cost effectiveness of our commercial airlift augmentation. In fiscal year 1962 the Civil Aeronautics Board's approved minimum rates for roundtrip chartered airlift procured by MAC were \$.029 per passenger mile and \$.1375 per cargo ton-mile. By fiscal year 1967, through the efforts of MAC in reviewing and analyzing actual commercial costs in coordination with the CAB, these rates had been reduced 30 percent for passengers and 34 percent for cargo. These efforts have continued each year, since fiscal year 1962. To appreciate the significance of these efforts, it is necessary only to look at recent history. Based upon the fiscal year 1965 minimum rates, for example, the MAC commercial buy for fiscal year 1966 and fiscal year 1967 would have cost approximately \$150-\$200 million more than the DoD actually was required to pay at the rates established by the Board after coordination with MAC.

At present the Board has not issued its final decision regarding the minimum commercial charter rates for fiscal year 1968. However, based primarily on the MAC analysis of commercial air costs, the Board in March 1967 did propose new minimum rates which would reflect cost reductions of as much as 22 percent below fiscal year 1967 levels. It is important to note that despite these rate reductions, the air carriers have continued to offer increasing numbers of modern turbine powered aircraft to MAC and have provided capability far beyond their contractual commitments during the build-up of forces and operations in Southeast Asia.

PROJECT 81

Your April 27 letter also asked us to review with you any other common-type activities developed under "Project 81."

Project 81 was one of many study projects assigned by the Secretary of Defense to various DoD components early in 1961. It was designed to identify selected "common services" where efficiencies and economies might be realized through consolidation of these services or through other changes in organization and management. The initial identification produced a large list of possible areas, some clearly adaptable to consolidation and others clearly not. The areas that appeared to offer the most promise for savings and increased efficiency were studied in further detail to determine the feasibility of consolidation as well as to identify savings and appropriate management arrangements. Based on the findings of these studies, action was taken to consolidate functions or improve management in order to achieve savings and increased efficiency.

Today, Project 81 is no longer carried on as a separate study project. Each of the Assistant Secretaries of Defense is responsible for recommending changes to the DoD structure to accomplish the objectives