

Mr. SIDMAN. Not precisely; but from experience I can tell you it has varied. As we sell more and more it gets better and better. At the present time the average age would be approximately 13 or 14 years or 15 years old. It would date from about 1952.

Mr. MONAGAN. With respect to Communist countries, this property would not have much value to them, would it?

General CLAY. They would have a tremendous job getting spare parts.

Mr. SIDMAN. The main thing is spare parts. I think there is a demand for it. One man was selling spare parts to Cuba, for example. As a general rule I don't think any Communist country would want this MAP property.

Mr. BARASH. Mr. Sidman, it is our understanding that a cost analysis is in the process of being prepared which would relate the cost of sales to anticipated returns for RPP at some of these bases in which the French are not interested, the thought being in some instances it might be more expensive to carry on the sale than you could get back. Has that analysis been made?

Colonel REGAN. I will address myself to that. The analysis has been made. It has not been approved to date.

Mr. BARASH. Mr. Chairman, with your permission, could we receive a copy of that analysis?

Will this be an analysis for each installation?

Colonel REGAN. It requires one for each installation. There is a general overall formula and policy for the making of economic analyses. This will apply to all installations and be used as a guide for sales. The policy has not been approved. I would rather wait until it is approved.

General CLAY. In that respect, I think the economic analysis of each installation will be included in the property records when MLS closes out.

Colonel REGAN. Yes.

(Subsequently, the following information was supplied by the Department of Defense:)

COST ANALYSIS OF RELATED PERSONAL PROPERTY SALES TO ANTICIPATED RETURNS

An economic analysis is made on those bases for which the Government of France has not expressed an interest. This analysis may indicate a net gain or a net loss will occur if Related Personal Property were to be sold. Should the analysis show a loss, from the strictly theoretical financial standpoint of that installation, it would appear to be logical to leave the property for residual value negotiations. However, premature action may have, in the long run, an adverse effect on our total return. First, although the Government of France has been applying some pressure for the release of installations of no interest, they are beginning to indicate interest in buying installations which were, at first, identified as having no interest. This interest would probably not have occurred if sales of Related Personal Property had been opened at or near scrap value or if the installations had been returned for residual value. It is anticipated that the Government of France has an interest in many more installations than was at first indicated.

Secondly, implicit in any form of economic analysis used to make a decision to sell or return property for residual value negotiations is the assumption that certain major costs can be avoided if the latter decision is made. In fact, this assumption is largely fallacious in that the bulk of our costs are semi-fixed in nature, primarily in the form of salaries to civilian and military personnel. In the case of civilian personnel (the largest portion of our funded costs), we have