

spent by the Defense Department and by the National Aeronautics and Space Administration, the only route Congress can take to save large sums of money is to require the use of a standard accounting system so that you can know what you are doing. That is my considered opinion gained from many years experience.

I am not a contracting officer. I am a naval officer who is supposed to be doing technical work. But, as I said before, I find much of my time taken up with contracts because those who are supposed to take care of these matters often don't.

The Department of Defense has been too greatly influenced by those having an industry viewpoint. The attitude of some contracting and other Government officials appears to be centered on looking out for industry's interests. Industry lobbies and public relations men have been quite successful in this regard. I am concerned that not enough people are looking out for the Government's own interests.

Mr. BARRETT. Admiral, you have answered the gentleman's question. I am now recognizing Mr. Mize.

EFFICIENCY OF GOVERNMENT-OWNED VERSUS PRIVATE SHIPYARDS

Mr. MIZE. Based on your experience, would you say that a ship could be built or repaired more cheaply in a Government-owned Navy yard than in a private yard?

Admiral RICKOVER. I think the cost would generally be about the same, taking into account that the Government yard is not required to make a profit. However, the Government yards are handicapped by transient management, civil service rules, and assignment of unplanned or emergency work. These factors and others imposed on Government yards inherently leads to inefficiency as compared with a private yard. For these reasons a Government yard cannot compete with a private yard.

The Government yards must accept all the work assigned by the Navy; private yards, based on potential for profit, can choose the contracts on which they wish to bid.

The Government yards must comply with many laws and rules from which private yards are exempt. Personnel ceilings and overtime limitations imposed on the Government yards provide less flexibility to handle workload fluctuations. Procurement regulations require the the Government yard to purchase much material through various Government procurement activities outside the yard. All of these limitations increase cost and production time.

During World War II we found it fortunate that we did have Government yards; the private yards would only do what they wanted to. There were occasions when a private yards refused to do work for us because this interfered with the orderly scheduling of the work they already had. The Government yards were always willing to do what we needed.

I mentioned the problem of transient management in Government yards. About 5 years ago I developed some statistics on key personnel changes in the six naval shipyards in which nuclear power work is done. Going back to 1946, I checked three positions: first, the shipyard commander, who is the equivalent of the president of a private shipbuilding concern; second, the planning officer, who would in most shipbuilding companies be a vice president in charge of the design and