

financial aspects of the business; and third, the production officer who would be the man directly in charge of production in a civilian establishment.

I found that in the 17 years from 1946 to 1963 there had been, on the average, in each of the six shipyards: 10 different shipyard commanders; 15 different planning officers; and 12 different production officers.

This means that over the 17-year period, in any one of the six shipyards the average tour of duty in these key position was only 18 months. The longest I found any one person in any one of these jobs was 3 years and 8 months.

The Navy has taken some steps to improve this situation as a result of the tragic loss of the *Thresher* and the wide publicity given this subject during the investigative hearings that followed. Today there is less of a turnover. However, as compared with private yards the rate of turnover is still much higher.

Another problem which seriously affects the efficiency of Government yards is the extreme difficulty, in fact, almost the impossibility of firing an unsatisfactory worker. What with all the civil service rules for appeals, it takes an inordinate amount of time of the leading people to defend their position against all the appeals allowed.

The yard officials then have the choice of getting their job done or fighting employee appeals. Naturally they are extremely reluctant to devote the time necessary to such matters.

You must not take what I have just said as an endorsement of Government yards over private yards. There is need for both. In the poorer Government yards there is probably more loafing, more inefficiency, and more cost than in the poorer private yards.

Admittedly it is difficult, due to different functions and different systems of overhead accounting, to make an exact comparison between Government and private yards. However, if you put them on the same basis, I don't believe there would be too much difference, provided the Government yard had permanent, instead of the present semitransient management, where the senior officers are rotated frequently.

Does that answer your question, sir?

Mr. MIZE. Yes, it does. That is all.

Mr. BARRETT. Mr. Galifianakis.

Mr. GALIFIANAKIS. Thank you, very much. And thank you, Admiral Rickover, for the very splendid testimony.

What is usually the response that you get directly from the supplier when you confront them with forthright facts that they charge more for Government contracts than they do for commercial?

Admiral RICKOVER. May I, Mr. Chairman, talk off the record?

Mr. BARRETT. You may. Off the record.

(Whereupon, there was a short discussion off the record.)

CONSIDERATION SHOULD BE GIVEN TO TREATMENT OF LARGE DEFENSE CONTRACTORS AS PUBLIC UTILITIES

Mr. GALIFIANAKIS. I have some other questions I would like to propound. Do you think that the present setup, with just these few companies having the capability of meeting the demand of the Government for national defense purposes is monopolistic?

Admiral RICKOVER. Yes, sir, I would consider it monopolistic to a degree.