

Dr. MACARTHUR. We are very encouraged over the progress we have made on a number of longstanding problems. This task has to be a continuing process of appraisal and action as there really is no finite solution. We hope to continue our rate of improvement and to be able to adjust to our changing patterns and needs. Otherwise we will retrogress.

A great deal of our energy is involved in the management of defense activities in support of our three military departments and the defense agencies. There is a continual ebb and flow of new goals and requirements similar to that for the total Federal establishment. We have been involved for some time with the same basic questions with which you are concerned. Are we using the laboratory capacity we have without regard to service loyalties? What patterns of growth should we permit or foster? How much should we perform in-house? On contract? How should the laboratories be structured? What should their relationships be within their parent service? To other services or defense agencies? I know that we have been able to develop many useful answers to these types of questions, but I will be the first to admit that we don't have all of the answers.

Within the DOD we have many examples of a laboratory performing functions for other services. Here are but a few of a great many examples. The Army's Natick Laboratory has the R. & D. responsibilities for food development for the Navy and Air Force. The Army's Harry Diamond Laboratory is providing the fuzing and arming for the Navy's Poseidon missile. The Air Force's Materials Laboratory has provided the thermal coatings for the Navy's Transit Satellite. The Army's Frankford Arsenal develops for the Air Force actuating devices for such applications as ejection seats.

Some of these arrangements are traditional, some are based upon a search by the customer for competence and still others are motivated by the policy levels within the services. We, within O.D.D.R. & E., also play an important role in this respect. We manage the Defense R.D.T. & E. program which determines to a great degree the financial support of laboratories. Financial control provides important leverage in placing corporate policies into effect. We are also in the mainstream of decisionmaking with respect to capital investments, such as military construction. Facilities are the lifeblood of expanding laboratories and control over them determines a laboratory's destiny. Through authority such as this, we can influence the nature of our laboratory system, the characteristics of individual laboratories and centers and the interaction of these organizations with other defense organizations.

Last year we closed three laboratories and consolidated four others. These actions are part of a continual appraisal of our laboratory system in terms of the changing pattern of defense needs. Although we have moved out aggressively in trying to fashion a viable laboratory system, there are some negative aspects also which have caused us some concern and difficulties. For example, several of our attempts to consolidate fragmented activities required movement of people to different geographical locations. We have learned that many people develop deep roots and will not move with their functions. As a result, the DOD has lost some important expertise. In one case not a single professional moved when his laboratory component was moved. On