

major systems development, thus reducing "brochuresmanship" with its heavy waste of scarce talent.

We have carefully considered the question whether standards should be applied to salaries and related benefits paid by research and development contractors doing work for the Government. We believe it is desirable to do so in those cases in which the system of letting contracts does not result in cost control through competition. We believe the basic standard to be applied should be essentially the same as the standard you recently recommended to the Congress with respect to Federal employees—namely, comparability with salaries and related benefits paid to persons doing similar work in the private economy. Insofar as a comparability standard cannot be applied—as would be the case with respect to the very top jobs in an organization, for example—we would make it the personal responsibility of the head of the contracting agency to make sure that reasonable limits are applied.

5. Finally, we consider that in recent years there has been a serious trend toward eroding the competence of the Government's research and development establishments—in part owing to the keen competition for scarce talent which has come from Government contractors. We believe it to be highly important to improve this situation—not by setting artificial or arbitrary limits on Government contractors but by sharply improving the working environment within the Government, in order to attract and hold first-class scientists and technicians. In our judgment, the most important improvements that are needed within Government are:

- to ensure that governmental research and development establishments are assigned significant and challenging work;
- to simplify management controls, eliminate unnecessary echelons of review and supervision, and give to laboratory directors more authority to command resources and make administrative decisions; and
- to raise salaries, particularly in the higher grades, in order to provide greater comparability with salaries available in private activities.

Action is under way along the first two lines—some of it begun as the result of our review. Only the Congress can act on the third aspect of the problem, and we strongly hope it will do so promptly.

* * * * *

In preparing this report, we have benefited from comments and suggestions by the Attorney General, the Secretaries of Agriculture, Commerce, Labor, and Health, Education and Welfare, and the Ad-