

Admiral HADDOCK. Yes, sir.

Mr. ROBACK. And are you responsible for the problem of rental and permissive commercial use and other problems that have come up with respect to Government-owned equipment?

Admiral HADDOCK. Well, we are involved in attempting solutions to these problems with OSD and the other services, and of course the Defense Contract Administration Service plays a large part in this.

For example, under OSD guidance, we are now conducting a test with 22 contractors I think, large contractors, to determine what it would cost them and us, if they maintained machine-by-machine utilization records. This has not been done before. But we will test it with these.

Mr. ROBACK. So see whether that kind of—

Admiral HADDOCK. Whether it is reasonable.

Mr. ROBACK. If recordkeeping is economic?

Admiral HADDOCK. Yes, if it is reasonable to expect or would it cost the contractor and hence us so much money that it would not be worthwhile.

As I indicated, we are also involved right now for most of the contractors' plants in an inventory of his equipment, industrial plant equipment, and reconciliation of this inventory record with our central records at the Defense Industrial Plant Equipment Center.

Mr. ROBACK. Do you have a program to sell equipment to the contractors in accord with a policy that there should be as much contractor-owned equipment as possible in performing Government contracts.

Admiral HADDOCK. OSD has a policy enunciated recently that discourages from here on out, furnishing equipment to contractors, and encouraging the contractor to buy his own, except in exceptional cases.

It also prohibits us from here on out furnishing plant equipment under \$1,000 in unit price to a contractor, this under the assumption I guess that if it is only \$1,000 he can finance his operation himself. They are working with the office—

Mr. ROBACK. This would be true even if it was special purpose equipment used only under Government contract?

Admiral HADDOCK. Of course there are special exceptions to all these general statements, but by and large I do not think there was an exception on the \$1,000 limitation. There were exceptions on the general injunction not to furnish plant equipment to a contractor, for those cases where we could not get the item we wanted any other way.

For example, there is a lot of changing in this area, even with respect to DIPEC's responsibility, there is now a proposal by Mr. Morris being considered by the services which would increase DIPEC's responsibility vis-a-vis industrial plant equipment, test equipment, and other equipment in the hands of contractors.

Mr. ROBACK. You are familiar with the General Accounting Office information that was developed on commercial use of Government equipment which was not fully compensated?

Admiral HADDOCK. Yes, sir.

Mr. ROBACK. What is your impression of that information, of that material, as it was presented to a committee?