for the Navy, at a unit cost of $97. This launcher was a 7-round, disposable, metal-banded, paper launcher, with paper tubes, first procured in 1962 under contract 62–0520, and was the basic 7-round launcher then in use by the Navy. The difference in unit price between the LAU–32A/A and the LAU–32A is explained by the change from paper to metal in the skin construction. This launcher was a Radiant development. Contract 64–0313, issued February 14, 1964, covered the purchase of 1,000 LAU–32A/A 7-round, disposable launchers for Navy and 8,400 LAU–3A/A 19-round, disposable launchers for Air Force at unit costs of $171 and $201, respectively. This was the first buy of LAU–32A/A launchers for Navy, the Navy version including radiation hazard barriers which, together with the small number bought initially, accounts for the higher unit price. The LAU–3A/A is the basic Air Force 19-round, disposable launcher, and the unit cost for 8,400 of $201 compares with the previous buy of 10,000 at a unit cost of $194 (contract 62–0638).

Mr. ERLENBORN. Do I read the chart correctly?

Mr. SHILLITO. Yes, sir; you do.

Mr. ROBACK. I might add, Mr. Erlenborn, if you look at the unit price, it is curious that the price varies from $97 for Radiant, compared to $131 and $171. Now, this may make sense, and it may not. But what was the production experience on the contract for $97 compared to the $171?

Mr. SHILLITO. You would have to note in conjunction with the price that the quantities are significantly different, too, with the Radiant contract being 7,500 and the last contract to Chromcraft being 1,000.

PRICE VARIATIONS WITH QUANTITY PURCHASES

Mr. ROBACK. Does the pricing experience with Chromcraft show that their price varies directly with the quantity?

Mr. SHILLITO. Generally you can assume price varies with quantity.

Mr. ROBACK. You are not speaking as a Chromcraft buyer. What does a Chromcraft buyer say?

Mr. HOLIFIELD. The Chair would like to ask this question: That as long as the item was the same item and it was running concurrently on the production line, why should the price vary? Why shouldn't it have been an add-on, let us say, to the $131 price? That was 3,840, I guess.

Mr. SHILLITO. It is a good point. We will have to supply that, Mr. Chairman.

Mr. HOLIFIELD. And you did get a cut on it to $97.

Commander KATCHER. Mr. Chairman, if I may clarify a little, sir, the buy at $131 was an Air Force buy; the buy at $171 for a lesser quantity was a Navy buy, and there are differences. Even though the LAU–32A/A is titled the same, there are differences, including shipping end pans and radiation hazard barriers, that entered into part of this price differential.

Mr. LUMAN. The $171?

Commander KATCHER. It was a quantity seven times greater; and as has previously been stated, there were problems——

Mr. LUMAN. It was for the——

Commander KATCHER. This sheet could not go into details of exactly what components were included.

Mr. ROBACK. I would like to ask Mr. Tassin whether the Chromcraft procurement shows decreasing prices with increasing quantities?

Mr. TASSIN. I would say generally it does, sir. I brought a price change curve on them; and the price is substantially less as the quantities increase, and as learning continued with successive contracts.