

Subsequently there was a transfer of \$6.6 million. The total writeoffs are over \$3 million. As a percentage that is a tremendous writeoff. It would be something in a private corporation that would result in a most serious problem, maybe bankruptcy.

HAND TOOL WRITEOFFS

In hand tools there was a transfer of \$46.7 million initially, followed by an additional transfer of \$4.1 for a total of \$50 million. The writeoff there of \$4.5 million, not as big a percentage, but still very big and more troublesome.

REASONS FOR WRITEOFFS

Admiral LYLE. You see, as I said, Mr. Chairman, this adjustment includes the period prior to DSA's establishment, and goes back to some undetermined time in the past, whenever the last inventory may have been taken in those areas.

It is also affected, particularly in the case of paint, by unsatisfactory material, unfit material which had to be written off.

PROOF OF SOUNDNESS OF DSA IDEA

Chairman PROXMIRE. That is right. All this proves that DSA is a good idea. It shores up the previous situation.

Admiral LYLE. I think that is true, this is our experience, that where you consolidate the management of common services and materials in this way, you do maximize your visibility of the situation and your ability to control it.

Chairman PROXMIRE. Thank you, Admiral Lyle. Once again I want to apologize for having detained you so long before you testified at all, and I want to thank Mr. Ignatius and the other gentlemen for their patience and good humor. As I say, it is not easy to come up and face the kind of questioning which you got this morning, but you handled it well, I thought.

The committee will resume its hearings tomorrow morning here in room 4221 at 10 a.m. with Martin Gainsbrugh, chief economist of the National Industrial Conference Board.

(Whereupon, the committee was adjourned at 12:55 p.m. to reconvene Wednesday, May 10, 1967 at 10 a.m.)