

In addition, plants like Pittsfield, Mass., Utica, N.Y., and Schenectady are so large that we deal with, oh, half a dozen or eight different purchasing departments in each of these plants, so that centralized purchasing is not generally followed by many of the large corporations.

Why is this? Well, I think that the large corporations realize that they must be cost conscious instead of price conscious, and there is quite a difference and distinction to be made.

The Comptroller General of the United States made a study in 1963, and I have a copy of the report here. If the committee wishes to obtain copies, they are available through the Comptroller General's Office, and it is a most valuable report.

Representative CURTIS. Would you identify it by title and date, just for the record?

Mr. MARSHALL. All right, sir. "Report to the Congress of the United States, Uneconomical Management of Commercially Available Items, Department of Defense," by the Comptroller General.

Representative CURTIS. It should have a date on the inside there.

Mr. MARSHALL. November 29, 1963.

Representative CURTIS. That identifies it. Thank you.

Mr. MARSHALL. Yes, sir. The number here is B-146828, if this is of any value.¹²

The Comptroller General made a study of the centralized procurement operations of several inventory control points in the Department of Defense, quoting from my prepared statement:

In a letter to the Speaker of the House and the President pro tempore of the Senate, dated November 29, 1963, he stated:

"Our review disclosed that inventory control points within the Department of Defense have not given appropriate consideration to commercial availability and the cost of central management and distribution when determining whether an item of supply will be procured directly by using activities or will be obtained through service supply channels. As a result, Department of Defense activities centrally manage hundreds of thousands of low-volume, minor items of supply that are readily available to using activities from commercial sources. We estimate that direct procurement of such items by using activities would reduce supply management costs by about \$50 million a year and supply inventories by about \$275 million."

I will just summarize what I have here. They chose six out of about 58 central military inventory control points, and these six stock 1 million different supply items out of a total of some 5 million that are stocked by all 58. So they had 1 million supply items in these six storage warehouses.

They examined more than half of them, about 560,000 of the minor items of supply, maintenance and repair, emergencies, things of this kind. These aren't guns or battleships or airplanes. These are bolts and nuts and hardware items and drugs and sundries and the parts and pieces that go into maintenance and repair.

In respect to this list of over 560,000 of these items in stock, they found that 46 percent had not been issued at all during the preceding year, pretty near half of them. They never even sold one. Nobody asked for one, but they had them in stock.

Of the rest, there was an additional 38 percent which had moved somewhere between \$10 and \$400 in value during the year, and this is

¹² Copy in subcommittee files.