

or the equipment itself is reduced and moved elsewhere, the requirement for the support involved is changed. Now, rather than move it immediately, if there is a peacetime requirement, a continuing requirement for this kind of item, as General Case and Mr. Zaretzky have indicated, there is a judgment decision made as to whether or not this item should be retained in the theater. This is within the theater prerogative, as indicated by General Case. This doesn't mean they would do it arbitrarily. It should be done only after consideration of many factors.

Now, the GAO raised the point very well that when these retention levels are overseas, it is possible that the National Inventory Control Points, who manage the supplies nationally across the entire Army, should recognize these supplies as over and above the authorization of the theaters and that, therefore, they should be considered in determining against a gross requirement that which is the net requirement for procurement, or whatever action is appropriate.

Now, sir, they are definitely correct and we concur with this. Involved in this are the problems which have existed in the past, though, with the automatic data processing equipment then available. These NICP's are now becoming more and more able to handle a large volume of items. We are talking, as you well recognize, in terms of hundreds of thousands of items. Now, when we were doing this, more or less, on manual or EAM-type equipment, it was really difficult to do this worldwide in all of these ways. Now, sir, we are getting to the state of the art where we are getting better able to handle this. We are still at a point of making some kind of a selection in order to manage well what we can manage rather than trying to approach the whole gross problem that may at certain points still be unmanageable.

What we are doing today, sir, is that on a quarterly basis the overseas commands are reporting what they have in the way of certain assets on their books. This includes some approximately 20,000 items that are in depot stocks and some lesser amount of items that are below the depot stock at what we call the general support level or the direct support level, which is in the field army. These are not today picked up on the balance files of the National Inventory Control Points but they are reported quarterly, and they are or should be considered in every buy that is indicated necessary at the National Inventory Control Point.

Now, to take this a step further, sir, in accordance with OSD guidance, in accordance with what the Army wants to do, and really in accordance with what the GAO wants us to do because it is efficient and economical, we have procedures that are right now being prepared which extend the pickup of these secondary items—and that is mostly what we are talking about, secondary items, repair parts, things like that—on a selective basis to begin with. As we gain a capability, more and more are going to be added, are going to be picked up on the balance files of the National Inventory Control Points so that they will know not only what is in retention levels but they will also know even what they have on hand against their authorizations.

So then a determination can be made at the national level: What is the most efficient, economical thing to do with the overall assets available in the light of the total requirement?