

So that what I am saying is that we have room for improvement, we are improving day by day, and I think there is no question about the objectives of all parties concerned, including the GAO.

Mr. MONAGAN. Thank you.

Mr. ROMNEY. Just to follow through on this reference to the GAO report, General, the report is entitled "Review of Availability of Selected Stocks of the U.S. Army in Europe for Requirements of Other Commands, Department of the Army," dated April 1967. On page 2 the Comptroller General refers to "permissive overstockage inventories," and his comment about that type of inventory is that, "The Department of Defense did not concur with the finding of the GAO that permissive overstockage inventory should be reported to the Inventory Control Points in the United States."

You spoke a minute ago about the small items which you were picking up, secondary items.

General HEISER. Secondary items, yes.

Mr. ROMNEY. Can you tell me what the permissive overstockage inventories might be in relation to these other small items you were referring to?

General HEISER. The items we were referring to up until now on retention levels are actually addressed at the depot level stockage. In other words, in the depots under General Case, he has an authorized level and then he may have this 18 months' retention level on those items that are consumed only during peacetime, or items that are in the mobilization reserve.

Now, as I recall, the terminology of permissive overstockage with which there was some disagreement with the GAO, pertains not to the depot stocks that are in the depots under General Case and COMZ but pertains to permissive overstockage which is in the hands of the field army, in this case 7th Army. If 7th Army, rather the units in the 7th Army, if their requirements change—and, of course, this means a change downward—to make something excess to their requirements, they usually still have a requirement for using some of this. Rather than turning it in as excess to the depot and then having to rerequisition this almost the very next day when they have another requirement, they are authorized permissive overstockage. This means that they are authorized to retain in the category I am talking about no more than 1 year's stock over and above their normal daily usage. They would then draw this down rather than turn it in, in order to keep from having all this back and forth movement.

Now, with reference to the GAO, and the comments of OSD and the Department of the Army, the point is that the GAO was recommending that this permissive overstockage in the field army be reported to the National Inventory Control Points here in CONUS for their overall visibility and management.

Now, sir, the disagreement is not so vital a disagreement as it may sound. Our position has been, that permissive overstockage, which is actually designed on an authority in line with the economics determined to be appropriate, and has been done on a deliberate economic basis, should be retained in the Army but should not be reported to the National Inventory Control Points, but that General Case's organization, which is an inventory control center for all of Europe, and the same would apply to other theaters, should have a visibility, cognizance, and an ability to manage these permissive overstockages in the