

Mr. ROMNEY. There has been no change despite the relocation?

Mr. ZARETZKY. One of the commentaries on this move is that we did not lose control for a moment of our stocks in Europe, despite this tremendous movement.

Mr. ROMNEY. I think it would be helpful for the record if one of the witnesses might comment, Mr. Chairman, on the distinction between wholesale and retail supply functions. This is a specialized term which may not be completely understood except as explained by the people who use it in their special competence.

Would someone distinguish between the common understanding of those terms and your specialized use of them?

Mr. ZARETZKY. Let me try for all of Defense, and then if you want detail with respect to Army, they could elaborate.

Wholesale inventory is that inventory which the Inventory Control Point—the manager—has on his books and is stored in what he considers his depots. In the continental United States, for example, in the Army the Inventory Control Point is aware of every item that is stored within the depots in the continental United States. This is wholesale inventory.

When those items are requisitioned by a post camp or station, for example, Fort Dix, that inventory goes on the Fort Dix records. When Fort Dix issues something to a user, this is the retail inventory that he issues to the consumer, and he replenishes his stock from the wholesale inventory in the depots that are under the cognizance of the Inventory Control Point.

This is true also in the Air Force, the Navy, and the Marines. It is the same way.

Mr. MONAGAN. Mr. Zaretsky, you spoke on page 3 of stocks in France that had been gradually declining for operational reasons. Is that a technological matter, or what were you referring to there?

General CASE. There had been some limited drawdown of the stocks in France for over a year before De Gaulle's announcement. A major part of that drawdown had to do with our combat vehicle fleet; vehicles were taken out of depot stocks in France, where they had been stocked against reserve requirements, and issued to the 7th Army. In turn, vehicles were withdrawn from the 7th Army and brought back into depot stocks, usually in Germany, where they could be either washed out of the system if they were too old, or rebuilt and put in reserve stocks.

We did this so that all our vehicles—those in use, those in the hands of troops, and those in the depot system—would age and accumulate mileage at an even rate so that when the vehicle finally became obsolete we did not have some brand new obsolete vehicles, and other vehicles that had a high amount of mileage on them.

Mr. MONAGAN. That had no relation to the political situation?

General CASE. It had no relation to the political situation.

Mr. MONAGAN. Although you were moving from one country to another?

General CASE. In addition to that, as some items became more critical owing to competition with Southeast Asia, we were required to take items out of the reserves in France for current needs and requisition replacements which didn't arrive during the period.

Mr. MONAGAN. I don't know that I actually asked this question, but it involved—I think I asked about construction of other facilities in—