

This has been reserved for further study in this Defense Procurement Circular No. 57, the same one which prescribes the new access-to-records clauses. Is that correct, Mr. Bailey?

Mr. BAILEY. Yes; that is right.

ARMY'S INVENTORY RECORDS

Chairman PROXMIRE. I would like to ask you this. You made a statement as follows:

"The Army is not yet in a position to know within a reasonable degree of confidence what stocks are on hand and what stocks are actually excess to their needs", in Vietnam this is.

Then you go on to suggest various actions that can be taken. You say, "The identification and prompt distribution of large excess numbers of items in Vietnam."

Why is this as difficult as it is? I understand that we are in a war there, this is always a problem, of course, but this has been going on for a long, long time now. We have been pretty much on a level of escalation for the last year or so, and it sounds as if, from what you say, as if there could be enormous waste if they don't know what they have got over there and if they don't know what they need.

DOD AGREES ON INVENTORY PROBLEMS

Mr. STAATS. I think that the Defense Department agrees now that there is a serious problem here. Mr. Fasick of our staff, who has just returned from Vietnam, is here, and if you would like, he would like to give you a brief summary of what our findings have been there.

Chairman PROXMIRE. Fine.

Mr. Fasick?

CORRECTIVE ACTIONS BEING TAKEN

Mr. FASICK. In general, for the past 2 years the Army has been working on a push system in which they were in effect escalating logistics support at the same time that they were escalating tactical operations.

During the course of this, they were improvising and developing a logistics structure to support their logistic needs. In the course of doing this, they never did get adequate records in terms of what they had or where it was. It was a question of expeditiously trying to unload ships and storing it in improvised storage areas, and for the past 2 years they have been under rather emergency type conditions.

It is just recently, and in some respects it is a little bit difficult to take issue with this considering the nature of the operations in Vietnam, that the command itself over there has identified the problems, and are trying to take as many actions as they can within the framework of the resources they have available to them, to get control of the stock and to find out where it is.

When I returned from Vietnam, we had occasion to talk with the Assistant Secretary of Defense, and immediately after our discussion of some of our tentative observations they were sufficiently concerned to take a trip themselves. I think Mr. Morris will address himself to some of the actions they plan to take as a result of his observations.