

tion with the Defense Department, and where we developed some 82 specific recommendations dealing with the whole Far East supply management problem—including the need for improvement of inventory controls.

Now, we had planned to do a followup review about this time, but as a result of the efforts made by the Defense Department, and a trip to the Far East which Mr. Bailey and some of our staff took a few months ago, we decided to defer a further review. But, I would like Mr. Bailey to comment a little bit further on the extent to which these specific recommendations did include improvement in inventory control.

ACCURATE INVENTORY RECORDS ENHANCE EFFICIENCY, ECONOMY, AND EFFECTIVENESS

Chairman PROXMIRE. Before he does that, and my time is up, and I am about to yield, and I am just about through, but I would like to ask you if my conclusion is wrong or right, the conclusion that I suggest it is that accurate inventory records would improve, enhance the efficiency of our military effort in Vietnam, not only save money to the taxpayer, but that this would make it possible for us to provide a more efficient procurement system for Vietnam; is that correct?

Mr. STAATS. This was a part of the objective of the review which we made.

Chairman PROXMIRE. So you agree with that.

Mr. STAATS. I agree with that 100 percent, and I think, as you have indicated, when you are dealing with Vietnam you have other considerations besides the costs which are involved here, and the costs may be relatively unimportant in relationship to getting the supply into the hands of people that need it.

Chairman PROXMIRE. To get it in supply, you have to have records to know what you have.

Mr. STAATS. Exactly.

BIG PROBLEM WITH COMMON ITEMS

Mr. NEWMAN. Mr. Chairman, on big components, high value components, and you mentioned the Air Force, particularly, the Air Force has a good system. They know where every engine for every plane is all over the world, and other items similar to that.

The Army is gradually getting worldwide control, too, on high-value items. But it is in the other inventories, the common supplies and parts where the big problems are.

\$3 BILLION ANNUAL COST OF COMPUTERS

Chairman PROXMIRE. My time is up. I yield to Congressman Curtis. Representative CURTIS. I am glad you added this last remark, because I was getting worried about this. What is it we spend now, about \$2 billion a year for computers; or is it above that figure now?

Mr. STAATS. If you include the classified weapons and uses of them, it is around a little over \$3 billion, but for direct Government costs it is around \$2 billion.