

Representative CURTIS. I had been relaxed on that because I felt these computers were necessary in order to have this kind of inventory control and that with them we could have it.

COMMON ITEMS SUBJECT

Now, at least in this one area we do, and that is probably a more important area. And yet, the common use items, is the area where they certainly should have developed the use of inventory controls first.

I might, in regard to Senator Proxmire's interrogation, state this. In your report, B161319, of May 8, 1967, "Examination Into the Transfer of Handtool and Paint Stocks From Department of Defense to GSA," in the introductory letter you make this remark:

\$1.1 MILLION ADDITIONAL COSTS DUE TO POOR INVENTORY

"After we brought this situation to the attention of the Department and Administration officials, complete physical inventories were taken at the Department's depot, and about \$4 million worth of stocks were found which were not recorded"—I think this was paint—"but which should have been recorded on the Administration's inventory records. During the period when the stocks were 'lost' the Administration purchased about \$1.1 million worth of stocks that were identical to the unrecorded stocks."

I just pose this because it illustrates so vividly the waste that is involved in the lack of proper inventory control, as you pointed out here, and there are so many examples, and it just seems continuous.

This committee has been on the subject for years, as an extension in a way of the old Bonner subcommittee of 1951-52. It just seems that we harp on the same things.

SLOW PROGRESS ON OLD PROBLEMS

The Defense Department says, "Yes; we are going to correct," and yet every year we dig into it, we seem to be far away—maybe not as far away, there is some progress—but we certainly seem far away from our ultimate goal.

I am going to make a statement, really for correction, if I am wrong. I think I am right on this.

TAXES ON CONTRACTOR-HELD INVENTORY

Do the contractors, the Government contractors, private contractors, pay local property tax or manufacturers' and merchants' tax on the Government property which they are using, and the material; because the contractor does pay merchants' and manufacturers' local tax on his machinery and his inventory?

Mr. STAATS. You are talking about Government-owned equipment?

Representative CURTIS. Yes.

Mr. STAATS. No.

Representative CURTIS. I don't think they do either.