

For example, computerizing some of the systems. The Defense Department said that would introduce transitional difficulties due to trying to control the stocks from remote locations. In other words, they had to work out some of the problems that the new system had originally built into it.

USE OF COMPUTERS

Mr. STAATS. To get really effective control, you have to use computers very extensively. This is a mammoth job, as I think you will appreciate.

I am convinced, myself, that the Government is behind private industry in using computers in this area of supply management. The size of the job, to be sure, is larger. There is no private enterprise even close to the size of the Defense Department's inventory management problem.

But, nevertheless, without the use of the computer, I don't believe we are ever going to get on top of the situation.

Senator SYMINGTON. Mr. Chairman?

Chairman PROXMIRE. Senator Symington.

Senator SYMINGTON. You mentioned it would take the Army until 1969 to get its inventories straightened out.

Would you care to comment about the Navy and the Air Force?

Mr. BAILEY. In the Air Force, the Air Force has been making physical inventories pretty much on schedule.

The Navy is somewhere in between. I don't know that we have any time factors with respect to the Navy.

Senator SYMINGTON. Thank you.

NINETY PERCENT OF INVENTORY EFFORT ON SPECIALS

Mr. STAATS. No. 2. Another case we have is: The two Navy locations included in our review were required to perform scheduled inventories annually on approximately 920,000 line items in fiscal years 1965 and 1966. However, during these fiscal years, less than 6 percent of the scheduled inventories were taken. Special inventories accounted for 90 percent of the inventory effort.

Chairman PROXMIRE. Was this on a directive of the Secretary of Defense? Was there a formal order in which this was decided as a matter of policy? Where was this decision made that the inventories required would not be taken in 94 percent of the cases?

Mr. STAATS. At the local level, I am advised.

I am also advised that there was no general statement of policy to the effect that this would be done.

Chairman PROXMIRE. Isn't this a violation of orders?

Mr. STAATS. I think this would be correct.

Chairman PROXMIRE. It seems to me it would be subject to some pretty serious discipline.

One thing, if they missed a few, that would be one thing. But they only took less than 6 percent of the scheduled inventories.

Mr. STAATS. The question we would have to check into is whether or not they had been allocated the necessary personnel and funds to do this. If they had the funds and personnel to do the special inventories, it is a little hard to see why they wouldn't be able to do the regular inventories.