

improvements. Have you examined the system in the light of all of this experience, to find whether you can improve all those base level procedures so you will be able to both meet crises and operate here in the States more effectively?

General RIEMONDY. If I said that there were no improvements that had to be made, that is not so. There will always be room for improvement, regardless of what we do.

All I said is that we had an effective system in being in peacetime, to respond to the kind of an emergency we had over there at Southeast Asia. To say that the system is absolutely perfect, not by a long shot.

Mr. ROBACK. Most of the attention has been given to the wholesale system. It may be that your retail system needs a little attention.

General RIEMONDY. This is why we came up with the standard system. We recognized it needed attention. We recognized that there were different ways of operating in the field. We have now come up with a standard system which is applicable to all of our bases.

Mr. ROBACK. Do you use stock funds for the bases?

General RIEMONDY. There are certain commodities which are stock fund managed, yes, clothing, for example.

Mr. ROBACK. Those are not Air Force stock funds?

General RIEMONDY. No. The Air Force isn't the single manager of this, but we have a clothing stock fund set up, which we support.

Mr. HOLIFIELD. As a merchant, owning and operating a merchandising business outside of my congressional office, I know quite well the difference between book inventory and physical inventory. Twice a year, operating in a normal peacetime business, with no combat losses and with no pilferage, that is no major sense pilferage, with none of the urgency of quick mobility and shifting of supplies and loss in transit and all that sort of thing, we still come up with a difference between the physical count in our semiannual inventory and our book count. So I can understand this, although I am not trying to excuse the discrepancies.

Mr. ROBACK. I am going to send the GAO around to your store.

Mr. HOLIFIELD. It is not involved in Government business. I resent the intrusion. [Laughter.]

But I can understand why operating an inventory control in a combat area subject to the lack of warehousing security and the habits of the people of that area in the way of pilferage, and then the occasional loss from bombardment of materiel, I can understand why there would be some discrepancies.

General RIEMONDY. There are.

Mr. HOLIFIELD. Now in the operation of your peacetime organization here in the States, I would say that there should be far less discrepancies in your inventory controls.

General RIEMONDY. Yes.

Mr. HOLIFIELD. I could sure see where there would be a much greater problem of inventory control in Vietnam, for instance.

General RIEMONDY. There is.

Mr. HOLIFIELD. In transit there, in transit to repair stations on Okinawa and other places, Japan. You run the risk of some type of loss in every move you make, when you are transporting goods.

General RIEMONDY. Yes, sir.