

Mr. MORRIS. Only in Defense agencies, sir, like DSA and DCA. It would be small amounts.

Mr. HORTON. Thank you.

Mr. MORRIS. Since 1961 we have concentrated our efforts on improving logistic readiness while minimizing the number and dollar value of these stocks. We believe that the military services have made exceptional progress in meeting these objectives.

1. The investment in supply stocks has declined significantly in relation to the investment in major weapons and military equipment.

[Dollars in billions]

	June 30, 1961	June 30, 1967	Percent change 1967-61
Major weapons and military equipment (these are ships, planes, and missiles, primarily).....	\$68.0	\$95.5	+40
Supply systems stocks.....	44.3	43.5	-2
Stocks required per dollar of weapons and equipment (money in cents)...	65	46	-30

The reduction in supply system inventories has occurred during a period of major buildup to support Vietnam operations. In fact, active force inventories alone have increased by \$3.4 billion, compared to 1961. The net reduction shown, which is on the order of \$800 million, is the result of reducing overstocks and excesses by \$4.2 billion through more accurate requirements determination and more effective redistribution of assets among the military services. If these improvements had not taken place, and the 65-cent ratio for each dollar of weapons and equipment in use were required, our supply system inventories would today be a staggering \$62 billion—or almost \$19 billion more than their present level.

2. The improved inventory posture has been the result of a succession of innovations in organization and procedures.

The dramatic results portrayed in the above figures are not just happenstance. During the past 10 years there have been five principal events which have had a noteworthy influence:

(a) *The advent of the Federal catalog system.*—The starting point for major change in supply management was the full introduction of the Federal catalog system in 1958. The catalog, for the first time, established a common supply language by assigning a discrete number and description to each separate item in the supply system. One of the most important uses of the catalog is to prevent the addition of unnecessary items to our inventories as new weapons—with their thousands of spare parts—are developed. Through our central catalog file in Battle Creek, Mich., we are now able to match every new item proposed for stockage, against all items in the system in order to determine if the same or a substitute item is available. Through this medium today we are finding that 35 to 40 percent of the parts in newly developed weapons are already in the system. Secondly, the centrally managed catalog has opened a new era in our standardization and item simplification programs by making it possible to rapidly classify and compare items so as to eliminate duplicates and to continuously purify the catalog.

As a result of these techniques, the catalog has expanded by only 5 percent since 1961—from 3.8 to 4.0 million items. Without this