MILITARY SUPPLY SYSTEMS

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

JUNE 24, 25, 26, 27, JULY 1, 2, AND 18, 1968

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MILITARY SUPPLY SYSTEMS

MONDAY, JUNE 24, 1968

HOUSE OF REPRESENTATIVES,
MILITARY OPERATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee convened at 10 a.m., in room 2247, Rayburn Building, Hon. Chet Holifield presiding.

Present: Representatives Chet Holifield, William J. Randall, and Frank Horton.

Also present: Herbert Roback, staff administrator; Douglas Dahlin, counsel; Joseph Luman, defense analyst; and Paul Ridgely, investigator.

Mr. HOLIFIELD. The committee will be in order.

This week the Military Operations Subcommittee will review the military supply system concepts, methods, and operations in the Army, Navy, Air Force, and Defense Supply Agency. We will open the hearings today with a presentation by representatives of the General Accounting Office, who have made studies of many facets of military supply and logistics, both in domestic and overseas installations. I might observe at this point that since the reorganization of the Defense Accounting and Auditing Division, following our hearings of 1965 the GAO has been giving more systematic attention to specific functional areas in the Defense Establishment, and one of these is supply management.

The term "supply management" is used to describe the chain of supply activities after procurement and before disposal. It is obvious that good supply management reduces the problems at the beginning and end of the supply chain, and can yield large savings because of the multibillion-dollar investments in military inventories.

The Military Operations Subcommittee in earlier studies has reviewed and analyzed supply management areas such as cataloging and standardization, materiel utilization, and the single-manager system. In the intervening years, technological progress in data handling, communications, and transportation has provided new management tools in military supply and logistics, and many new techniques or methods have been devised. The purpose of these hearings is to look at the military supply systems in terms of basic management concepts, problems, and progress, and likely developments down the road.

This subcommittee has always tried to approach these problems objectively, with full awareness that our combat forces must be properly equipped to do their job, and this consideration comes before all else. We have also an appreciation of the field commander's job,

and the differences in outlook between him and the commodity manager who may have to support more than one commander.

We believe that the general knows more about combat than the auditor, but we also believe that military supply systems can be subjected to the auditor's scrutiny with profit, which means savings, as many reports of the GAO demonstrate by the readiness with which the services accept and attempt to act on their findings. Consequently, we think it is appropriate to start these hearings with a general review by GAO representatives.

We will consider their testimony in conjunction with that of the military departments and Defense agencies, and we will make our own observations and recommendations in due course.

The schedule for the remainder of the week is as follows: Tuesday, Department of the Army; Wednesday, Department of the Navy; Thursday, Department of the Air Force; Friday, Defense Supply Agency.

This morning we will start off with the Associate Director, Supply Management, Mr. J. Kenneth Fasick.

Mr. Fasick, you may proceed.

STATEMENT OF J. KENNETH FASICK, ASSOCIATE DIRECTOR, SUPPLY MANAGEMENT, DEFENSE DIVISION, GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C.; ACCOMPANIED BY JEROME H. STOLAROW, ASSISTANT DIRECTOR; MARVIN COLBS, ASSISTANT DIRECTOR; FELIX E. ASBY, ASSISTANT DIRECTOR; AND JOHN LANDICHO, AUDIT MANAGER

Mr. FASICK. Mr. Chairman, we are pleased to be here today to discuss some of the General Accounting Office's findings and observations relating to the military supply system.

I am accompanied today by Mr. Jerome H. Stolarow, Mr. Marvin Colbs, Mr. Felix E. Asby and Mr. John Landicho.

During the last several years, we have devoted a substantial portion of the resources of our Office to reviews of logistics matters in the Department of Defense. This effort is in recognition of the magnitude of the investment in military supplies and equipment, and of the varied and complex problems faced by the services in managing the system. Operating supplies in the military services' inventories are valued at over $37 billion; over 4 million items of stock are managed by the individual military services and the Defense Supply Agency; logistics costs, including procurement funds, involve about $50 billion or 70 percent of the Defense budget; and significant segments of our military forces are at the end of long overseas pipelines. For example:

Over one-third of all DOD military and civilian personnel are located outside the continental United States (CONUS).

Twelve of the 17 active Army divisions were deployed to either Vietnam, Korea, or Europe.

About two-thirds of the Air Force's tactical squadrons, airlift squadrons and bomber wings are in either Europe or the Far East.

It is therefore evident that supporting the military forces is important, costly, and complex.

One of our recent reviews of an important segment of logistics resulted in a report to various congressional committees in March 1967. This report contained the results of our review of the responsiveness of the military supply systems to the increased demands generated by the conflict in Vietnam. I believe that the major conclusions we reached as a result of that review are still valid and would be of interest to this committee at this time.

We concluded that the basic supply systems of the military departments did not seem sufficiently flexible to meet emergency demands efficiently and economically. Certain indicators of supply effectiveness showed relatively poor performance; that is, only a small percentage of requisitions were filled within the time prescribed, a large number of items were not in stock at the various stockage levels, a high percentage of high priority requisitions were used, and significant numbers of requisitions for small quantities rather than for replenishment quantities were flowing through the systems. The military services, to compensate for these shortfalls in their supply systems, instituted various satellite systems or took various extraordinary actions to support the basic supply systems. These measures, admittedly necessary under the circumstances to maintain supply effectiveness, undoubtedly resulted in additional costs.

As a follow-on to our March 1967 report, we reviewed certain aspects of the Department of the Army's management of supplies in the Republic of Vietnam. A report on the results of this review was submitted by the Comptroller General to the Congress last week.

We reported that, despite adverse conditions, the Army supply system has, in our opinion, been responsive to the combat needs of the military units in Vietnam. This high level of support has been achieved, however, through costly and inefficient supply procedures.

The Army had recognized many of its supply management problems and initiated certain corrective actions prior to the time of our review. We have noted, however, areas which, in our opinion, warrant additional management attention as follows:

1. The development of accurate data related to stocks on hand and consumed. Such data are needed to facilitate accurate and timely determinations of supply requirements and to preclude significant imbalances of stock.

2. The identification and prompt redistribution of the large quantities of excess material now in Vietnam.

3. The development of programs which will insure the prompt return of reparable components to the supply system. This problem area is discussed in further detail later in my statement.

4. The institution of procedures designed to increase both intraservice and interservice utilization of available supplies.

5. The enforcement of greater supply discipline in order to reduce to a minimum the costly shipment of supplies and equipment under high-priority requisitions. This matter is also discussed in further detail later in my statement.

We believe that the supply problems being encountered were due, in large measure, to the fact that the Army did not have a trained logistical organization capable of assuming inventory management responsibilities in Vietnam when the buildup of forces was begun.

The lack of sufficient computer capability, the shortage of trained inventory managers, and the lack of military personnel to operate depot activities particularly demonstrated this fact. The Army therefore was compelled to (1) recruit civilian inventory managers and storage technicians, (2) install and reprogram a large-scale computer to replace card-processing equipment, and (3) organize and send special teams to Vietnam to review stocklists and to verify inventory locations and quantities.

Army officials advised us that a quick reaction inventory control center was being organized. This organization, with its own computer equipment, pretested programs, and trained military personnel, will be available to move into future combat situations—such as those in Vietnam—and to establish supply management capabilities within a short period of time.

Because of our findings, and because of reports already available to the Department of Defense, the Secretary of Defense instructed the Assistant Secretary of Defense to visit Vietnam to look into the problem of excess supplies. As a result of that visit, steps were taken to insure the identification of all supply excesses in Southeast Asia and the prompt redistribution of such excesses. Implementation of these plans should, in our opinion, eventually lead to significant reductions in excess stocks in Vietnam and to the use of such stocks by other military activities.

We also made several specific proposals with respect to the problems identified during our review in Vietnam. These involved the use of more descriptive demand codes for requisitions, the establishment of a system for challenging unauthorized use of high-priority requisitions, and the providing of periodic lists of short supply items to inventory managers. Although the Army agreed with our findings, it did not agree with these proposals for improved procedures. We recognize that the management emphasis being applied by the Army will tend to improve supply discipline and help to correct the problems. We believe, however, that such emphasis by itself is not sufficient. We therefore have recommended to the Secretary of the Army that certain of our proposals for improved procedures be reconsidered.

In our opinion, our reviews in the logistics area have indicated that improvements in supply effectiveness and efficiency require additional emphasis upon improving the basic logistics systems and certain of the logistics concepts. Further, the successful attainment of necessary improvements is dependent, to a large degree, on improvement in the acquisition, training, and effective utilization of logistics personnel.

We noted that not all the military services were experiencing supply problems to the same degree. It appears that the Air Force experienced the fewest problems and that the Navy had less than the Army. The reasons for the differences were not susceptible of finite measurement. Certainly, the respective missions of the three services have a bearing on the magnitude and nature of their supply task. The Army's logistics task is very difficult and complex in that it must support massive ground forces spread out geographically in many individual units. The services' differing supply concepts and organizational philosophy may also be a partial explanation.

The Air Force supplies its bases directly from five stockage points in the United States that are adjacent to its inventory control points.

In the Air Force there is a line of logistics control from the Air Force Logistics Command through the various inventory control points and weapons systems managers, to Air Force bases both in the United States and overseas. Worldwide asset data on many items is provided to inventory control points through periodic reporting.

The Navy, with a different mission and resultant different supply concepts, has multiple stockage points. However, the Navy's logistics philosophy is somewhat similar to that of the Air Force wherein there is recognition of the line of logistics control from the Chief of Naval Material to the various major supply centers and the depots both in the United States and overseas. Central supply control is maintained on a worldwide basis through periodic report procedures.

The Army also has multiple stockage points both in the United States and overseas. However, the Army philosophy differs from the other services in that there is no single line of logistics control extending from the Chief of Staff, through the Army Materiel Command, to overseas stockage points, and to the stock stored at posts in the United States under the control of the Continental Army Command.

The Army Materiel Command, counterpart of the Air Force Logistics Command and the Naval Materiel Command, now has control of stocks only to the level of depots in the United States. When supplies are issued to posts in the United States, the Continental Army Command (CONARC) assumes responsibility. Under CONARC, the various U.S. Armies "own" stock at the posts in their area of responsibility.

When supplies are issued to the overseas commands, such as the U.S. Army, Pacific, and the U.S. Army, Europe, they assume responsibility and "ownership." The overseas commands all have separate depots complexes and supply control points.

Mr. HOLIFIELD. Will you stop at this point and explain what you mean by "own" and "ownership?"

Mr. FASICK. We explain this a little further on, Mr. Chairman.

Mr. HOLIFIELD. All right. Go ahead.

Mr. FASICK. Basically then, the differences in the physical aspects of the three services' supply systems are dictated in part by differences in missions and access to rapid transport facilities. The more subtle difference in organizational philosophy is much more difficult to define and involves relationships between "staff" and "line" functions, where logistics is a staff function as distinguished from operations, or line functions.

In the Air Force the base supply officer has a "staff" responsibility through organization channels to the Air Force Logistics Command. At the same time, he is under the "line" command of the commanding officer of the base.

This philosophy of dual responsibility is recognized and accepted at all levels, in both the Air Force and Navy. In the Army, however, much more emphasis is placed upon a philosophy of "command prerogative," wherein an Army commander retains complete control and responsibility with respect to all facets of logistics, personnel and military operations related to his mission. For example, the 2d Logistical Command in Okinawa is under the command of the U.S. Army, Ryukyu Islands. Therefore, little, if any, command relationship

exists between the commanding officer of the 2d Logistical Command and the Army Materiel Command.

We believe that this fragmentation of logistics control and responsibility may be contributing to many of the Army's supply problems in that it results in the Army's inventory managers losing visibility and control over substantial stocks maintained in major stockage points overseas and in the Continental Army Command.

While the supply systems of each of the services is susceptible of improvement, we are of the opinion that the Army's system is deserving of high-level management attention. I should like to discuss, therefore, the following areas that, in our opinion require improvement:

1. Need for improved worldwide control over Army inventories.
2. Need for improved supply discipline within the Army logistics system.
3. Need for expeditious standardization and simplification of various supply systems within the Army.

NEED FOR IMPROVED WORLDWIDE CONTROL OVER ARMY INVENTORIES

Each major command in the Army "owns" and manages the supplies and materiel in its possession without regard to the available assets or requirements of the other commands. Although the Army Materiel Command (AMC) is the "wholesale" supplier for the Army and is responsible for the procurement and distribution of supplies and equipment, AMC inventory managers often make procurement, distribution and disposal decisions without knowledge of worldwide requirements or assets. Such decisions, made on the basis of incomplete information, not only lead to unnecessary expenditures of funds but can delay the filling of high-priority requirements for extended periods of time.

Although the Army has established a reporting system for major items of equipment such as tanks and aircraft, no such system has been instituted for supplies and secondary items held in major storage points in the Army system beyond depots under AMC's control in the continental United States.

Inventory managers do, on occasion, request special reports on the status of selected items of supply, but such reports are limited to a relatively small number of items and are not requested on a regular basis. Furthermore, even when the managers have knowledge of available assets, AMC inventory managers do not have the ability to effect redistribution of supplies that are in the possession of any other command. Such redistribution in many cases is desirable to alleviate more urgent demands existing elsewhere.

In general, we have found a pattern of uneconomical supply actions that could be attributed to a lack of information and control for management officials.

This matter has been the subject of a number of reports by the General Accounting Officer over a period of years. For example:

1. In May 1964 we reported that the 8th Army, in Korea, had accumulated about $1.1 million worth of excess spare parts for the Nike missile system. These parts were not reported as excess, and were, therefore, not available to meet other worldwide requirements.

In response to our findings, the Department of the Army advised us that it was in the process of implementing additional procedures to provide inventory control points with information on the status of overseas stocks.

2. In January 1965, we reported that the U.S. Army, Europe, had about $1.2 million of excess spare parts for the Corporal missile system and that unnecessary procurements of about $370,000 had been made because these excesses were not reported to higher authority.

3. In February 1965 we reported that units of the 3d Army, located in Florida, had accumulated at least $735,000 worth of excess parts that had not been reported to higher commands. The Department of the Army advised us, at that time, that reorganization of its supply and maintenance organization would enable national inventory control points to "control and regulate the flow of materiel through the system" and provide for the flow of logistical transactions directly from the customer level to the inventory control points.

4. In April 1967 we reported to the Congress that we had identified excesses—including permissive overstockage up to an 18-month supply—of vehicle and electronic components valued at about $3.2 million in 7th Army, Europe, that had not been reported. Many of these items were urgently needed by other Army commands.

In reply to our findings, the Army stated that stocks issued to and owned by tactical forces should not be considered in determining a theater asset position, or be subject to distribution at the discretion of inventory control points.

5. In May 1968, we reported that there was a need to improve requirements computations for expensive missile repair parts. We found, during our review, that inventory managers at the Army Missile Command were not computing requirements in accordance with Army regulations because they were not receiving adequate demand and asset data from overseas commands. The Army advised us that improvements in its reporting system, to become effective during 1968, would help alleviate this problem.

Recently, the Department of the Army advised us that a reporting system, encompassing about 1,500 high-value items, would be instituted during 1968. Utilizing this system, inventory managers will supposedly have data available to them on worldwide asset positions. We have not yet had an opportunity to evaluate the operation or effectiveness of this system.

NEED FOR IMPROVED SUPPLY DISCIPLINE WITHIN THE ARMY LOGISTICS SYSTEM

The Army logistics system, which has no clear lines of command authority between the various echelons of supply, together with shortages of trained logistics personnel, limits the attainment of a necessary degree of discipline. Inadequacies in supply discipline are clearly reflected in the loss of control over repairable assets and in the high incidence of high-priority requisitions being processed through the supply system.

Recently, the General Accounting Office reviewed the practices followed by the Department of the Army to control the return of repairable spare parts to maintenance centers for repair and reissue.

We found that about 70 percent of the items included in our tests were not returned for repair which resulted in additional expenditures for new parts.

Our review showed that incorrect data in Army publications and the lack of effective action by supply activities to obtain the return of repairable items contributed to this problem.

Of particular interest, in connection with the Army's logistics concept, was the fact that officials at supply activities advised us that they had no authority or responsibility for insuring that repairables were recovered. Pursuant to Army regulations, they depended on unit commanders to turn in repairable components. We found that some supply activities requested user units to explain and justify the failure to turn in repairable assets. However, many of the using activities neither turned in the missing items nor furnished explanations. Usually, the supply activities took no further action.

For the items included in our sample tests, the Army had purchased almost $8 million worth of new parts during a 21-month period.

In our opinion, a substantial portion of that cost could have been avoided if the repairable assets had been properly controlled and turned in. In commenting on our findings, the Army stated that procedures at Army installations would be reviewed and strengthened as necessary.

With respect to high-priority requisitions, we have noted during the last several years that an abnormally high percentage of requisitions are being designated as high priority by the requisitioners. The significance of this fact is that such requisitions can, and do, result in expedited handling at all levels, emergency procurement actions, and the use of premium transportation.

In our opinion, the substantial numbers of high-priority requisitions used is a reflection of the many complex problems affecting the Army's supply system. Supply discipline is negated because military using units cannot obtain reasonable response to their requisitions unless they are submitted with high priorities. From the standpoint of overall supply efficiency and economy, however, it is imperative that high-priority requisitions be limited to those items that are urgently required by the users in order to maintain their mission capability.

We looked into the use of high-priority requisitions for noncombat essential items by units in Vietnam on two separate occasions and found the highest possible priorities being assigned to items such as paper clips, davenports for quarters and offices, dictionaries, liquor glasses, and similar items. Both the quantities being requisitioned, and the nature of the items, made it appear doubtful that mission capabilities would be adversely affected if lower priorities were used and if the requisitions were not filled as expeditiously as high-priority requisitions.

When we discussed these matters with personnel from the units that had submitted the requisitions, they readily admitted that there was no justification for the assignment of most of the high priorities. They also advised us that, in many instances, their superior officers had instructed them to submit the requisitions under high-priority designators.

Mr. HOLIFIELD. When a high priority is assigned to an item, does that mean that it has access to the most expensive form of transportation?

Mr. FASICK. Usually it does, Mr. Chairman.

Mr. HOLIFIELD. In other words, rather than being shipped by boat, let us say, it will be shipped by air?

Mr. FASICK. That is right.

Mr. HOLIFIELD. If it was given this high priority?

Mr. FASICK. In most instances.

Mr. HORTON. Isn't there some sort of review system of those priorities? That is not established by the unit commander, is it?

Mr. FASICK. Well, the criteria are established by the commands and by the Department of the Army and by the Department of Defense. However, the implementation of the criteria is a responsibility in the Army of the unit commanders. They are not challenged at this point.

Mr. HORTON. Do you say something in here about the question of challenging?

Mr. FASICK. Yes, sir; we do. We believe there should be some sort of a challenge system with respect to high-priority requisitions.

Mr. HOLIFIELD. I had some informal information given me a few years ago by a person working in a clerical capacity in Army supply, and this person told me that the whole system of priorities should be examined. She told me once of the assignment of high-priority classification to items that were being sent by air to a base in Greenland, where the items themselves would not be needed until next spring or a matter of months and where the ships could have very well taken the rather bulky commodities that required a lot of air transportation.

Mr. FASICK. This is precisely the effect that we are referring to when we speak of abusing high-priority requisitions. That is, the overextensive use of them, causes the use of higher priority transportation and possibly more of it. We have no way of estimating to what extent this occurs, but it certainly has an effect.

Mr. HORTON. Coming back to this question of challenge, is there no challenge at a higher level in the Army with regard to the establishment of priorities. Is that the condition that exists now?

Mr. FASICK. With the requisitions there is no challenge system in terms of the priority designator. There is a challenge system as to the method of transportation. Once it gets to the port, they make a decision whether to ship it by air or not. Where possible, because of the volume of high-priority cargo some of it may not be shipped by air.

Mr. HOLIFIELD. But that is after the material is transported to the point of departure?

Mr. FASICK. The port of embarkation; yes, sir.

Mr. DAHLIN. When was that system set up?

Mr. FASICK. This has been in effect, I suppose, for several years.

Mr. DAHLIN. The challenge system?

Mr. FASICK. For air transportation. This doesn't mean, however, that some items which are noncombat essential still wouldn't go by air. This is a little bit out of our area, but in the air transportation

area, once you contract for and have so much capability, they fill the airplanes up once they have committed themselves.

Mr. ROBACK. Do liquor glasses go by air? On that point, although it seems a little amusing, supposing there were an order—and maybe there is an order, in view of the gold flow problem—that causes a lot of things that ordinarily would be purchased on the local economy to be brought in from the United States.

What would be a high response supply item from the local economy now becomes a slow response if you are going to ship it by water, let us say, through the extended supply chain. Perhaps there is some rationale for priority movement of the things you mentioned here, like davenports or liquor glasses that seem inconsequential as far as combat is concerned. Is there anything like that involved?

Mr. FASICK. I don't have a specific, Mr. Roback, but there is not a doubt that this has some impact. As a matter of fact, it probably had an impact on the requisitioner when he found he couldn't get the quick local response through a normal requisition, he says let's put the high-priority designator on it and get it quick. We need the items. The ICP's in the Army admit that over 50 percent of the requisitions they are receiving today are still high-priority designated.

Mr. ROBACK. The consequence of overdesignating high-priority items is that the system doesn't work. If everything becomes high priority, nothing is high priority—that is the end result.

Mr. FASICK. Precisely. This overtaxes the system and causes the whole system then to be adversely affected.

Mr. ROBACK. On the other hand, since there is a priority system, every commander knows that for each request, if he puts it low, it is going to be treated low. Therefore, he might be disadvantaged. So there is a natural compulsion to upgrade the request.

Mr. FASICK. It is absolutely natural, I can understand it. I think this illustrates the point we are trying to make regarding supply discipline. Until this is deeply imbued and implemented within the whole Army structure, then this type of violation or excessive use of these designators will continue to occur.

Mr. ROBACK. Along the line of Mr. Horton's question, couldn't you compress the number of eligible items for high priority; in other words, you can say by definition that certain kinds of supplies are not going to be high priority?

Mr. FASICK. You could.

Mr. ROBACK. Even though the commanding officer needs liquor glasses to properly entertain, let us say, visiting dignitaries, including Congressmen, nevertheless, you could say that item will not be on the priority list.

Mr. FASICK. Right. For example, if refrigerators are for the officer's quarters, that is one thing; but if they are for the hospital, that is another thing. I would consider that combat essential. For the officer's quarters, I think they can wait a while for the refrigerators.

It would be difficult to put down one broad sweeping criterion that you could say is applicable without exception.

Mr. HORTON. Let me ask you another question. With regard to the challenge system. What is the comparison between the Army situation and the Navy and the Air Force? Do you have the same problems in the Navy and the Air Force that you have in the Army?

Mr. FASICK. Yes, you do. In the Air Force they have a philosophy overseas that most of the replenishment material for aircraft support is shipped by air. They defend this on the basis that they can minimize stocks. They have an in-house capability, being Air Force, for flying much of the material.

I think within the Air Force they also have a high incidence, possibly not as high as the Army, but a high incidence of using high priority requisitions.

Mr. HORTON. Is there some means at a higher level where this whole challenge system could be studied and reviewed, say, in the Department of Defense?

Mr. FASICK. We have recommended this, yes, particularly with respect to the Department of the Army; but I think it is applicable to the other two services also. For example, in Vietnam, the 1st Logistical Command, if they were in a position to question or challenge the requisitions coming from the combat units, for the types of noncombat essential supplies Mr. Roback had in mind, I think this would help immensely.

Mr. HORTON. I certainly would not agree with any combat challenge system on combat equipment. But it would certainly seem to me in the noncombat area there could be some challenge instituted not only at the lower level of command, but at the top level as well, so that you make certain that there is some equalization. I can understand, for example, the Air Force flying planes over might take advantage of the fact that it is their items that are going over, so they utilize air space.

There ought to be some sort of adjustment between the services there.

Mr. FASICK. I agree.

Mr. DAHLIN. You said 50 percent of the items were in the higher priorities. I think that is the way you put it. Do you have any breakdown of just what the rates are that you are talking about of high priority requisitions?

Mr. FASICK. We have some statistics here in the Army area, showing how it has gone up over the years. For example, in 1962—these are the high priority requisitions received by the inventory control points in the United States—in 1962 it was 13 percent. In 1963 it was 14. In 1964 it was 17. In 1965 it was 31. We are in the Vietnam era now—in 1966 it is 53 and in 1967 it is 54 percent.

In this current year it ranges between 49 and 56 percent that they are receiving that are high priority requisitions.

Mr. DAHLIN. They are all not high priorities?

Mr. FASICK. Not the highest. They are priorities 1 through 8, of the 20 priorities that exist in the supply system. The Army admits that they have a problem, and they have reduced the number to some extent. I think those in Vietnam are somewhere in the neighborhood of 32 percent or less now, and they are reducing it through command emphasis. They admit that they would like to get down to a lower figure.

They are shooting for 25 percent, but possibly something even better is desirable. I am not in a position to give a figure. The command emphasis will work to a certain point, but I still think that a challenge system on the part of the inventory control center in Vietnam or

in any of the overseas commands will even improve on this, and get the supply system back to what is a more normal state.

In connection with the high priority requisitions, we proposed to the Army that a challenge system be established in Vietnam to question the need for high priorities assigned to requisitions for noncombat essential items. Although they agreed that the volume of high priority requisitions appeared to be excessive, Army officials have taken the position that the problem can best be resolved by continued command emphasis on the need to comply with existing regulations. It is here, as I stated earlier, that we have requested that the Secretary of the Army reconsider our proposal for a challenge system.

ARMY COMMANDS AND SUPPLY SYSTEMS

The Army's concept of organization affords each commander a wide degree of latitude with respect to logistics, personnel, and military operations. In the area of logistics, this concept has resulted in the establishment of a number of separate and distinct supply "systems" within the Army. Each of these systems differs from the others, and each is subject to change as commanding officers and other key personnel are transferred and replaced by personnel from other commands.

The principal Army logistics organizational elements and their responsibilities can be outlined as follows:

1. Deputy Chief of Staff for Logistics (DCSLOG)

The principal adviser to the Chief of Staff on logistics matters. DCSLOG is responsible for logistics planning and policy but has no command responsibilities.

2. Army Materiel Command (AMC)

The "wholesale" supplier for the Army. AMC has the responsibility for development, test, cataloging, requirements determination, procurement, production, distribution, supply control, inventory control, maintenance direction, and disposal of supplies and materiel. Management by AMC is limited to the inventories under its direct control, that is, those in AMC depots which are all located in the United States.

3. Continental Army Command (CONARC)

The organization responsible for administration and control of all activities at posts located in the continental United States (except for logistics activities under control of AMC). Within Department of the Army guidelines, CONARC prescribes supply policies and procedures for those activities.

4. Combat Developments Command (CDC)

The organization responsible for determining the organization, materiel objectives and requirements, and combat doctrine for the entire Army.

5. Overseas commands.

The principal overseas commands are the U.S. Army, Europe (USAREUR), and the U.S. Army, Pacific (USARPAC), each of which has several major subordinate organizational elements. Each major subordinate organization is relatively autonomous with respect to supply matters.

Each of the above-mentioned organizational elements is involved in logistics management and/or planning, but there are no lines of

command responsibility between them, each being responsible only to the Chief of Staff of the Army.

While geographic and tactical considerations may justify some variances in Army logistics concepts, we believe these should be relatively minor. Inventory management, stock control and other logistics concepts, however, should be standard and should be susceptible to standardized supply processing systems.

Each major command in the Army has had the responsibility for determining its own data processing requirements. Although the systems must, to a certain degree, be compatible with certain standards prescribed by the Department of Defense, each command designs its own system, devises data processing programs, develops management reports, and obtains data processing equipment. As a result, there has been dissimilarity in the systems, and data developed may not be readily interchangeable between supply activities. To illustrate, when a large-scale computer system was to be installed in Vietnam, the data processing equipment was moved from the Army Communications Zone, Europe, which was then being relocated from France to Germany. When the equipment reached the Long Binh complex near Saigon, a major programing effort was deemed necessary in order to utilize the equipment for inventory management and stock control in Vietnam. The same equipment had previously been utilized for similar functions in France.

Mr. ROBACK. What is the significance of that point? Do you mean they should have bought the equipment somewhere else?

Mr. FASICK. No, Mr. Roback; but it is a reflection of the command changing a program which had already been established in Europe. It reflects again the differences in the supply systems among and between the different commands within the Army.

Mr. DAHLIN. You mean the programs had to be squared with the system as it had been developed in Vietnam?

Mr. FASICK. It was tailored to meet what the Vietnam commanders determined would be their needs.

Mr. ROBACK. That would be inevitable, though, even if you had a standard system?

Mr. FASICK. No; not necessarily. I think the Air Force base supply system is a pretty good illustration, where they have a standard program that is applicable worldwide. No deviations are made to that program at a local level.

If changes are needed they have to be programed by higher levels. You could move an airman from a base in Europe and put him in a base in Thailand and he can operate the system. This isn't true in the case of the Army.

Mr. DAHLIN. You aren't challenging the point, though, that this particular machine was usable or should have been used in Vietnam?

Mr. FASICK. No; we compliment the Army for using equipment within the system as opposed to going out and buying new equipment.

Mr. LUMAN. You are saying if they had the standard system they are trying to move toward, they would have been able to move this piece of equipment without significant reprograming and the people could have gone in and operated it without the need to fly in technicians to cope with all these other problems?

STANDARD ADP SYSTEMS

Mr. ROBACK. Mr. Fasick, the Department of Defense has issued a supply management reference book which is DA Pamphlet 700–1 of January 1965, and it contains a statement on page 107 as follows:

The Army has developed a standard ADPS for material management at ICP's, depots, and other affected activities.

Does that refer to the US. portion only or is it true worldwide?

Mr. FASICK. This is applicable to the ICP's—the seven ICP's—and I think there are a few more organizations involved in the whole test also. That is what they call the NAPALM program, and it is still being tested and developed in St. Louis at the Aviation Materiel Command. This is called the national ADP program for AMC logistical management.

Mr. ROBACK. The layman would read this as saying the Army has a standard automatic data processing system.

Mr. FASICK. We explain some of this a little later in our statement, but the Army does have several test programs underway to standardize different echelons of their supply system.

Mr. ROBACK. They have standard automatic data processing equipment in the United States?

Mr. FASICK. No; they don't.

Mr. ROBACK. They don't have it in any case, whether in the United States or overseas?

Mr. FASICK. Not today; that is right. But they are moving in that direction. What we are hoping is that they will move a bit faster in this direction because we believe that standardization and simplification of these systems is absolutely essential to overcoming many of their problems.

Mr. ROBACK. Does standardization mean that they have to buy all these equipments from one manufacturer, like IBM?

Mr. FASICK. I don't think so. I think that equipment, as long as it can perform the same function, could be compatible. In the NAPALM system they have in mind the IBM equipment.

At different levels—for example, they have a system they are developing called COSMOS for the Army command levels in CONARC in the United States.

Mr. ROBACK. Suppose one of those systems eventuates in an IBM equipment, just hypothetically, and they then have to make this compatible or standardized with a system at another level of supply management. In one case it might be the Army installations, in another case it might be the headquarters, whatever is involved.

Does that mean once they invest in IBM machines they have to invest in IBM machines throughout the whole system?

Mr. FASICK. I wouldn't think so.

Mr. ROBACK. You don't think procurement becomes a problem here as far as standardization is concerned?

Mr. FASICK. No.

Mr. ROBACK. You are familiar with the fact that the Comptroller General ruled on a contract award proposal with regard to the Air Force, involving automatic data processing equipment for their base activities generally. IBM was the prospective recipient, and the Comp-

troller General overturned this proposed award, and ultimately it went to Burroughs.

Now, suppose the Air Force wanted for some other purposes to extend their data processing equipment. Would they be stuck with Burroughs, so to speak?

Mr. FASICK. It depends on what the system is used for, but I believe for a period of time they may be locked into Burroughs.

Mr. ROBACK. The reason I raise this question is that within Army and possibly other circles there is a concern and a feeling, at least I have encountered it, that competitive procurement of the equipment is a drag on standardization. "If we have to go out and be sure that everybody is competitively bid, how can we standardize?" That is the gist of the question.

Mr. FASICK. I think the equipment can be compatible between different levels of supply and yet be different equipment. There probably is something to be said that once you make a decision, and then competitively procure a type of equipment for a given level or for a certain purpose, that you would be locked in for a period of time with that equipment.

Mr. ROBACK. Do you think that these equipments should be dedicated equipments or general-purpose equipments?

Mr. FASICK. I think as an office we generally advocate as broad a usage of equipment as possible, and within that framework general purpose would be more desirable. However, there are some cases where the complexity and the scope of the task to be performed happens to be such that it would merit a system of its own.

Mr. ROBACK. We will come back to that. Perhaps you ought to finish your statement, and we will discuss some of these matters across the board.

Mr. FASICK. In addition, the different systems developed and maintained prevents the Army from making the most effective use of the limited number of skilled systems analysts and data processing programers that are available.

While design and operation problems are considered to be normal in any new computer installation, it appears that standardization of systems and equipment could reduce these difficulties to a minimum. Furthermore, the efforts of skilled data processing technicians could be utilized to the best advantage if standard programs were developed and applied. By permitting each command to design and install its own system, problems are magnified because the experience gained by personnel in one command cannot be immediately and effectively utilized in another command.

Another result of the logistics procedures existing in the Army is the absence of a focal point that could provide more effective control over supply transactions. Army officials estimate, and our limited tests have confirmed, that significant quantities of requisitions are being lost or misplaced somewhere between the requisitioners and the supply points. It appears that the number of organizations that must process each document and the lack of control over documents during transmission are major factors in the loss of requisitions.

Because of the Army's organization and dispersion of inventories, requisitions must often be passed from one echelon to another before

reaching the point from which shipment can be initiated. For example, a priority requisition prepared by a unit in Korea must be processed by the following five organizations if no stock is on hand in Korea:

1. Requisitioning unit.
2. Direct support unit.
3. 8th Army Depot, Taegu, Korea.
4. National Inventory Control Point.
5. CONUS depot.

Mr. ROBACK. What does processing mean there? If you had rapid-fire communications and it was shot through the system at one time, what difference does it make?

Mr. FASICK. At each level they check to see if they have the stock on hand; if they don't, they pass it on.

Mr. ROBACK. Theoretically, they could do that by pressing a button if they had all the automatic equipment?

Mr. FASICK. I think so. In their long-range logistics plan, I suspect the Army has this kind of a system in mind to expedite and simplify these types of transactions.

A requisition for a unit in Europe may be processed through as many as six echelons of supply:

1. Requisitioning unit.
2. Direct support unit.
3. 7th Army Inventory Control Center.
4. Supply and Maintenance Agency.
5. National inventory control point.
6. CONUS depot.

The Air Force and Navy organizations and inventory placement practices facilitate the maintenance of only three basic echelons of supply—the requisitioning unit; the base or supply ship; and the air materiel area or tidewater depot.

I think the point we are making here, Mr. Chairman, is that for each additional level of supply or echelon of supply that you have, you increase the chance for error and for problems, and that the more simple the system is the better opportunity you have to have an effective supply system.

Mr. HORTON. It also means more personnel, too, doesn't it?

Mr. FASICK. It certainly does. On the other hand, as I pointed out before, the Army has somewhat of a different problem.

Mr. HORTON. Why?

Mr. FASICK. We are not suggesting that all of the echelons of supply could or should be eliminated.

Mr. HORTON. Why does it have a different problem?

Mr. FASICK. In the sense of the dispersal of units and the land masses over which they must transport materials, as opposed to a fixed base or a ship that goes out pretty well laden down when it goes out, so that its resupply problems are complex, but I think less so than the Army's. Within that framework, we are not suggesting that the Army completely reorganize, but I think hearings of this nature will result in some study and thought to ways we could do it better, to consider possibly where echelons of supply might be eliminated at savings in investment in inventory and in the interest of simplifying the supply systems.

Mr. HORTON. All you are saying there is the number of bases might be more than you might have in the Navy, and perhaps in the Air Force, but I don't know why you would have to have these extra commands.

Mr. FASICK. You have a point there, but I don't think we can arbitrarily eliminate some. They do require some further study. But the Army, for example, at one time supported Vietnam principally through the 2d Logistical Command in Okinawa.

They found they could get better support and more expeditious support by supporting Vietnam direct and bypassing Okinawa. Okinawa at one time had approximately $200 million of stock. Since they have been bypassed, that stock has been attrited down to somewhere in the area of $50 million. The Army has eliminated a sizable amount of investment in inventory.

True, they have an investment in inventory in Vietnam. Even there we have found that with the order-ship time and the expeditious deliveries they are getting, the improvement in transportation, that they can reduce their inventories in Vietnam considerably. Another illustration of this same point is that in Europe they had a 7th Army Inventory Control Center and 7th Army depots in addition to having a communications zone and a supply and maintenance agency with depot complexes.

As I understand it, today the Army is considering eliminating the 7th Army depot complex and the Inventory Control Center in the 7th Army, and having the direct support units in the divisions and in the corps go directly to the Supply and Maintenance Agency of COMZ. So this will in effect eliminate an investment in a sizable amount of inventory or could, if properly implemented.

To overcome the difficulties presented by processing through the numerous echelons of supply, the Army has devised several special supply systems for support of the forces in Southeast Asia. One of these systems entitled "Red Ball" is designed to provide accelerated handling and improved control over requisitions for repair parts for deadlined equipment in Vietnam. Red Ball requisitions are forwarded direct from Vietnam to a control office in San Francisco.

The requisitions are then routed to the proper inventory control points, and surveillance is maintained by the control office to insure expeditious processing and shipment. Requisitions for Hawk missile parts and ammunition are also routed directly from Vietnam to the United States to insure more effective supply response than can be expected from the normal supply system.

Such specifically designed supply systems are relatively expensive because procedures, data processing equipment, and personnel are utilized for a limited number of transactions. However, under the present Army organization, it appears that such systems are required to provide effective supply support for critical items.

The Army has initiated a number of studies and plans designed to overcome the problems described above. Some of these are:

1. A standard data processing system for national inventory control points (NAPALM).

2. A standard data processing system for inventory control by Army areas in the United States is now being tested at the Presidio of San Francisco (COSMOS).

3. A standard data processing system for field units is now being tested at Fort Hood, Tex. (CS_3).

In conclusion, I should like to point out that our reviews have indicated that the Army is able to support its combat operations in Vietnam. Although there were shortages of some supplies, we found no indications that missions were not accomplished because of logistics problems. It is our view, however, that Army supply operations worldwide can be improved and that even more effective support can be accomplished at a lower cost through improved worldwide inventory data, more effective supply discipline, and standardization of systems.

Mr. Chairman, this concludes our prepared statement, and we would be pleased to answer any questions that you or the members may have.

Mr. HOLIFIELD. Thank you, Mr. Fasick. Mr. Horton?

SUPPLY CONTROL IN VIETNAM

Mr. HORTON. Mr. Chairman, I think it is a very comprehensive report. I did want to ask a couple of questions that are not covered in here. You have touched on the broad problem.

With regard to Vietnam, you don't talk in here in connection with control of equipment and supplies and the like too much. I was concerned about some of the comments that are being made today in the press, and there was an article recently in the Saturday Evening Post by Mr. Lederer, concerned with some of our equipment and supplies ending up in the hands of the black market.

Did your report go into that type of control?

Mr. FASICK. No; not in this particular review, although our International Division did look into some aspects of this area, but I'm not prepared to discuss that.

Mr. HORTON. I didn't mean to talk about that specifically. I was concerned with the problem of control and safeguarding equipment that is over in Vietnam.

Mr. FASICK. I think in the area of military supplies that there was a problem which was brought about because of chaotic storage conditions that existed in Vietnam. For example, the 506th Depot in Saigon was right down in the market area. It was very difficult to control. But I think the Army has done a rather good job in the past year or so of improving control over supplies received, in storage, and while in transit to the using units. This was the subject of an internal audit report on the part of the Army, and I think they have taken some strong steps in the meantime to overcome it.

Most of the problems I think that were alluded to in these articles in the press relate to some of the AID and other items.

Mr. HORTON. I understand that, but I was asking the question with regard to the military equipment, whether or not there is a problem there.

Mr. FASICK. I think the military are always alert, they know they have a problem. In conditions such as exist in Vietnam, I think they would have to admit they still have a problem. They are trying to minimize it, and from what we can discern, they are doing a fairly good job of this.

Mr. HORTON. In your report you don't cover here any need for additional control or protection of equipment once it is in Vietnam for supply to the units?

Mr. FASICK. Again, Mr. Horton, we didn't specifically address ourselves to this question. To the extent that I speak of it, it is because of observations we made, peripheral observations, while in Vietnam, but it wasn't specifically a part of this review.

Mr. HORTON. Your report and your review was directed more toward the organization?

Mr. FASICK. No; toward the control over and management of Army supplies in Vietnam.

Mr. COLBS. When we say control in that connection, we speak of control in terms of the stock control records—do you know how much you have and where it is—as opposed to the security which I believe you are referring to?

Mr. FASICK. Possibly you haven't had an opportunity—this report was just issued on Friday.

Mr. HORTON. I haven't seen it. I did look through it and saw a couple of pictures that showed outside storage which wasn't very happy. The boxes were all broken, and this is one of the things I was concerned about.

Mr. FASICK. Some of those pictures in the report reflect the conditions in Saigon itself. The Army is building this very large complex, about 25 miles northwest of Saigon, to which they are moving the supply and other support organizations. As they get warehouses built, many of those problems will be overcome that are illustrated in the pictures.

In terms of control over materiel, when it first went into Vietnam the Army went in with a "push" system. It was a question of troops going in and getting as much stock and materiel to support them as they could. They admittedly didn't have an organization that could control and account for this stock. As a result, for a period of a year and a half or 2 years, there was a great deal of stock over there that they could not account for. There is a large amount of stock in Vietnam that they don't know they have or they don't know where it is.

Our point in our report I suppose is directed toward a need for the Army now to start managing. Our first conclusion is, had there been an organization that would complement their divisions supplywise when they went into Vietnam, possibly they wouldn't have had nearly the problems that they did have. But now that they have the problem, it is time to settle down and start to manage the stocks over there. There is a tremendous amount of stock that is excess and could be used elsewhere by other Army commands or by any of the other services.

REPORTING OF INVENTORY

Mr. HORTON. Much of your report is concerned, as I would label it, with inventory, lack of inventory and also lack of reporting. I noticed on pages 10, 11, and 12, you talk about some of the specific matters that were investigated by the GAO.

It would seem to me that part of the problem there, and also in Vietnam, would be the problem of inventory, and also reporting on this inventory.

Mr. FASICK. It is this. It gets back again to the basic principle of visibility. The Army loses visibility from the point of view of an inventory manager in the United States, once it is shipped out of the Army Materiel Command's depot complexes. If it goes to a post, camp, or station in CONARC, the inventory managers lose control. If it goes to Vietnam or any unit in the U.S. Army, Pacific, they have lost control. They have lost visibility.

Mr. HORTON. On that question the chairman asked you to define ownership, and I don't think it was discussed fully, not to my satisfaction anyway, later in the report. Does that ownership mean that once it is turned over to a command, the higher command then loses it? Do they sign for it?

Mr. FASICK. In effect, this is what it amounts to. Once it is issued it is out of the Army Materiel Command system. It gets back again to the principle in the Army of command prerogative where the commander is responsible for logistics as well as his people, as well as his military operations. Whereas in the other two services, the inventory control people in the United States do retain visibility and have influence on the redistribution of stocks. This is the primary difference between the Army's system and those of the other two services.

Mr. HOLIFIELD. This gets down to the point of having an accurate inventory for posts, camps, and stations, doesn't it?

Mr. FASICK. That would be a very important——

Mr. HOLIFIELD. You lose it at the post level, do you not? Is it the post or the command level?

Mr. FASICK. You really don't lose it, Mr. Chairman.

Mr. HOLIFIELD. I know you don't lose it physically, but you lose it from the standpoint of accountability in inventory.

Mr. FASICK. Yes, sir; from the point of view of worldwide control. A man sitting back here, who is responsible for a commodity area, has no visibility and no jurisdiction over the really hundreds of millions of dollars of stock, once it has been shipped out of his depots, of which there are 20 in the United States.

Mr. ROBACK. However, you have a different type of control. For example, in the post, camp, or station, the commander is allotted so many funds, he has to buy those things? He has to buy those supplies under a stock fund concept. The theory is if he has to pay for what he uses, he is not going to be wasteful. So there is a different type of control at that level.

Mr. FASICK. This is true, but they also have problems under the stock fund in terms of excesses—more supplies than they need—or supplies that they do need that are not on hand.

Mr. HOLIFIELD. I know when this committee was working on the uniform catalog, we found out that posts, camps, and stations had tremendous stocks of certain items which apparently were completely stagnant, and this was demonstrated when the war was over and we finally got into the problem of disposing of surplus materials. An order would go out to all of the posts, camps, and stations to look for a certain item, and if it was in excess, to ship it in, and there were literally carloads of items that were shipped in from some posts, camps, or stations that they had lost track of.

I recall in one instance they gathered up in a central point of accumulation nuts and bolts from these different outlying posts, camps, or

stations, and they got carloads of all kinds of bolts that were obsolete, like the bolts and nuts that were used to put gun carriages together in the Civil War. This sounds ridiculous, but it was literally true. Here were these stocks being carried in inventory, obsolete items that had been carried in inventory for 75 or 100 years.

Mr. FASICK. This has been the subject also of some effort on our part. First of all, precisely the same thing happened in Vietnam about a year ago. The Department of Army sent 500 men over there to go down to the DSU units, which are the units that directly support the combat elements and to get them to return material they didn't need—no questions asked. Carloads of items were returned into the depots that the Army has in Vietnam. It required a great deal of effort to catalog, identify and get items back into stock. This posed a problem to the Army.

In the area of inactive items we issued a report about a year ago pointing out that DSA and the Navy had over 800,000 items in their inventory that had not moved for 2 years or more. We suggested to them that they take a new hard look at this—do you need to keep it in your system? Inactive items in the system compounds the problem of trying to manage inventories. They are aware of this problem, but it is tied into a number of other problems and it is going to take quite awhile for them to work themselves out of this situation.

Mr. HORTON. I have no further questions.

Mr. HOLIFIELD. Any questions, Mr. Randall?

Mr. RANDALL. I have none.

Mr. HOLIFIELD. Mr. Roback?

Mr. Randall, will you take the chair?

Mr. RANDALL (presiding). Our chief counsel, Mr. Roback, do you have some questions?

REPORTING AND VISIBILITY

Mr. ROBACK. You discussed in your statement the question of visibility, namely, getting information worldwide. You also have stated or implied that visibility ought to lead to control. Is it your position that the Army Materiel Command, after acquiring visibility, ought to have the power to redistribute stocks against the preference or the requests of the theater commander?

Mr. FASICK. Down to a certain level, yes, sir. I think materiel should be under the control of AMC. The materiel exists in the major stockage points outside the AMC area as it is known today. For example, the material are located at depots under the control of the Supply and Maintenance Agency in Europe and at the 8th Army depots—there are two of them over there, Camp Carroll and Ascom City. They are large complexes, comparable to the complexes we have in the United States, and we believe the materiel should be under the control of AMC. We do not believe it would be necessary to bring under such control the materiel at direct support units which are supporting the combat units. They have sizable amounts of stocks, ranging between 2,000 and 10,000 items, which they usually manage. This we don't suggest that AMC control.

Mr. ROBACK. The philosophy of the Army as distinguished from the Air Force and Navy, as you point out, has been more toward com-

mand prerogative in the theater, so that the commander has the disposition of supplies as well as other matters under his command. Your statement, then, is that there could be some inroad on that prerogative without necessarily completely overcoming it?

Mr. FASICK. Not at all. It would not. I think it goes back, Mr. Roback, probably to confidence in a system. I suspect that command prerogative in the sense that it is defended in the Army, is, in my opinion, a reflection of lack of confidence in the supply system—a feeling that the commander must have the supplies himself.

Mr. ROBACK. Do you think that psychologically and perhaps historically, it has been due to dispersal geographically, lack of communications, and a feeling of "let's get what we can and get hold of it, so we will have it when we need it," whereas technically if you had a worldwide communications network for logistics and reasonably accurate reporting, those fears ought to be dispelled? Is that the sense of what you are saying?

Mr. FASICK. Very much so.

Mr. LUMAN. Do you feel at this time that the Army has the wherewithal to implement such a system of visibility? Do they have the computer compatability? Do they have the communications? Is the inventory control point in the States so set up that it can take over the function of visibility of these items at overseas depots?

Mr. FASICK. I think to a limited extent. The Army is now working on taking about 1,500 or 1,700 items and bringing it under this visibility and control concept, as we understand it, as it has been described to us. It is still in its implementing or planning stages. This is a start. But I think that they have a limited capability, and they will have to develop an improved capability which will come about through this standardization of systems which they are working on. I would like to think they could move faster than possibly they might have in mind.

Mr. ROBACK. You say they really couldn't put into effect the plan you seem to espouse in your statement until they get this compatibility of computers?

Mr. FASICK. Very much so. As a matter of fact, the Army system, as we see it today, is wrought with a great deal of unreliability in its system. I would be the last one to suggest that we go on the system at once because I think you would probably create more chaotic conditions than now exist. But I think a plan should be devised and it should be recognized from conception that this is the long-range objective, to accept the concept of visibility and AMC control down to the major stockage levels worldwide.

Mr. HORTON. When you are talking about visibility, you are talking about reporting in a sense, aren't you?

Mr. FASICK. That is one facet of it.

Mr. HORTON. That is the most important facet?

Mr. FASICK. Yes, sir.

Mr. HORTON. Is there any reason why you can't have the reporting system and still have the command system that the Army has?

Mr. FASICK. No, there is no reason why you couldn't have it except it brings another element that usually has to be brought to bear in order to effect efficiency in a supply system. For example, redistribution actions, if AMC were to decide that it is more important to have

something in Vietnam than in the 7th Army, it would have to get permission in the 7th Army under the command prerogative concept to move it. Whereas under a control concept they could move it if in the wisdom of the people at this level they determined it is more important to get it to Vietnam.

Mr. HORTON. Under the present system they don't even have that?

Mr. FASICK. They don't have visibility under the present system.

Mr. LUMAN. They don't even know there is excess in the 7th Army?

Mr. FASICK. That is right.

Mr. ROBACK. But you testified they have selected visibility for certain types of high value or critical items?

Mr. FASICK. On a selected number of items.

Mr. LUMAN. I think the Army's historical reply, as evidenced by the number of reports you have listed in your statement, when you draw these shortcomings to their attention, is to contend that they can rectify these wrongs through increased command emphasis and procedures and without a basic change in the system.

Mr. FASICK. We think the Army needs a basic change in its concept in order to overcome these problems. I don't believe that through command emphasis alone that it will completely alleviate the problems.

Mr. LUMAN. Do you think the present system and philosophy enables them to completely utilize the improvements made in communications, transportation and data processing over the past 10 or 15 years? The supply systems have new tools in the form of computers and high-speed communication and better transportation, tools that they didn't have, let's say, 15 years ago. Do you think the present Army philosophy of logistics as it exists today enables them to utilize fully these management tools in their logistics planning and carrying out their stockage functions?

Mr. FASICK. No, I think they have a capability to do a better job. On the other hand, we must recognize the scope of the activity in the logistics area has increased immensely, and this in itself required the high-speed communication and the sophisticated new types of equipment in order to hold their own. I think the point you are making is, that if they don't change, they are wasting, in effect, the equipment they now have. I think the equipment they have is necessary even under the present concept they have. It is essential to it. I believe, however, if they changed their concept, that the equipment and the capability of equipment available today would facilitate the new concept more so than possibly it would have 10 or 15 years ago.

CHALLENGE SYSTEM

Mr. LUMAN. In the challenge system, where you have a disagreement with the Army on high-priority requisitions, their counterproposal to your last report was essentially to render a report to the commander of any unit if that unit exceeded 25 percent in high-priority requisitions. Is that their general approach to the problem?

Mr. FASICK. As I understand it, this is their general approach, and also to admonish the commanders to adhere to the criteria that have been established. On the other hand, under the conditions that the people live under, for example, in Vietnam or any other part of the Army system, there will be a tendency to strain the system. Within this

framework, I think that command emphasis will result in some further reductions in the use of high-priority requisitions, but I think their chances for greater reductions would be enhanced if they had a challenge system.

Mr. LUMAN. This would operate the same as a man's income tax return, where he has no guarantee it will be audited but the fact that it might be will make him a little more honest.

Mr. FASICK. A very good example, yes.

Mr. LUMAN. You feel without this the commanders will tell the supply people just keep it under 25 percent?

Mr. FASICK. I don't think this would be adequate, no. I don't know what a percentage should be. It well might be in some units that 40 percent is essential, that the nature of their particular activity and their supply position would require that they use 40 percent. To use an arbitrary figure of 25 would not be a good principle at all.

RETURN OF REPAIRABLE PARTS

Mr. LUMAN. You mentioned in discussing the problem of repairable spare parts that many of the units were ordered to turn in an item to get a new one. They didn't turn the item in, and this ran to as high as 70 percent. You also mentioned in some cases the people who were to receive the reparable item went back to the unit and requested the information on its whereabouts, but the unit ignored the request for information. The supply activity took no action in some of these cases. What further action could they take?

Mr. FASICK. Under present procedures there is really not too much more they could do except to continue to keep pressure on them. They don't have any line responsibility on that unit. Again it gets back to a reflection of the command prerogative of the unit, and it is also a reflection of the problem of supply discipline. People aren't doing what they are supposed to do. The unit is supposed to turn it in, but they don't do it.

Mr. LUMAN. Do you think AMC visibility over some of these items, with AMC control, would help provide some higher level pressure to get turn-ins?

Mr. FASICK. Oh, yes; I think if they had control in this sense it would improve this particular area considerably.

Mr. LUMAN. Do you think that would clear up the problem?

Mr. FASICK. No.

Mr. ASBY. I think that the problems of high-priority requisition and the turn-in of the repairables are close together. There are existing instructions or guidelines which spell out clearly what requisitions merit high priority. There are no punitive provisions for violating these guidelines. Likewise, there are instructions that say unit commanders will see to it that unserviceable items are turned in, but nothing is done if these instructions aren't followed. I think that some provision or change must be made down through the varying operating levels so that these instructions are followed or that some action is taken to insure that in the future they will be followed.

Mr. LUMAN. One approach would be the approach the Army is apparently taking; that is, we are going to stress this in a management concept, a command concept, we are going to put stress on this

and tell the commanders to watch it closely. You have come up with a suggested second solution in the case of the high-priority requisitions; that is, there be a sampling system to catch people who might be submitting a requisition that shouldn't be high priority. Do you have this kind of a solution for the repairable spare parts problem?

Mr. STOLAROW. The Army has advised us that as soon as they have the capability at the direct support unit—that is, small computer capability—they will prepare listings of the returns of repairable items by unit. There will be some additional pressure on the commanding officers of the using units through the circulation of these listings to require turn-ins or explanations. This would be a step in the right direction.

Mr. FASICK. This is the form of a challenge system, where the supply activity takes positive action to get an explanation or the return of the repairable from the using activity.

Mr. LUMAN. This problem of repairable spare parts being returned is not a problem peculiar to Vietnam.

Mr. FASICK. Not at all.

Mr. LUMAN. You have the same situation in Europe or Korea, don't you?

Mr. FASICK. Worldwide, really, with respect to the Army.

Mr. LUMAN. But you feel that based on your past reviews of these problems a decision simply to place more command stress on it will not in itself really attack the problem unless it is followed up with some kind of a system to assure this is done?

Mr. FASICK. Yes.

Mr. ASBY. That is correct.

QUICK REACTION INVENTORY CONTROL CENTER

Mr. DAHLIN. Back to this quick reaction inventory control center that is being set up, is that in direct response to your recommendations as initially developed? Did you recommend this type of center?

Mr. FASICK. We did recommend it before we knew that the Army had already been doing something in this area. It was included in our recently issued Vietnam report, the draft of which we sent out in December. But the Army, back in June 1967, had started to give thought to this concept. We have 16 Army divisions normally that go through dry runs and maneuvers and are always ready to go. But they have never had a logistics system with trained personnel ready to support them once they deploy. There was always a question of trying to piece together a logistic organization. It was further compounded in the Army by the fact that most of their depots and supply activities back in the States at the wholesale level were manned by civilians.

But when you go to a Vietnam, you have a limited ability to use civilians. It is a military operation. They didn't have the people trained to do the job over there. So, I think this action the Army is taking is an excellent move in terms of getting themselves in a position to support their divisions in the event they may be called up to perform their missions.

Mr. DAHLIN. From the point of view of your criticism, if the Army could achieve instant standardization overnight, would such a center probably be necessary?

Mr. FASICK. Yes; it still would be necessary.

Mr. DAHLIN. Still would be?

Mr. FASICK. Because we have in mind here logistics units—skilled logistics people, equipment and a set of operating procedures—that would be capable of working with the military units wherever they may have to go to perform their missions. You can't pick up civilians out of the depots in the States and expect to do this.

Mr. DAHLIN. If the center were standardized with some system, it presumably would be standardized with the CONUS system.

Mr. FASICK. Oh, yes. It would have to be standardized or compatible with the CONUS system, and I should hope that the Army has in mind down the road again the concept that we are pushing, and that is, to get standardization. To get, in effect, plug-in type units that can be picked up and moved anywhere in the world and operate without any undue difficulty.

Mr. DAHLIN. That doesn't necessarily happen though. After all, the Army did form these Pacific ICC's or the logistics commands, as nucleus organizations back in the States. They went out and produced their own peculiar organizations in Vietnam, didn't they?

Mr. FASICK. Under the present Army concepts there is nothing to prevent that from happening again, but I think the Army is working on devising the technique, the plan, the policy, the operating procedures for this new quick reaction team or unit.

But they will still have problems once they are called upon to go to Europe and then they move from Europe to the Pacific. Unless the Army comes up with standardization, and the types of things we are suggesting, then this unit or organization would have problems adjusting to the new command.

Mr. DAHLIN. Does it make entire sense that such a quick reaction capability—which is presumably for some crisis in the future—be just a single service effort, from your point of view?

Mr. FASICK. Well, sometimes types of commodities that the different services have and the peculiarities of the problems they face requires them to have some autonomous or independent type organizations. It seems to me it makes sense in the case of the Army to have their own. This particular one they are devising is, as I understand it, to be capable of supporting corps-type operations.

They would need several of them for anything larger. So I think that the Army would be justified, at least within the framework of the near future, as I see it, to have this type of organization itself.

Mr. DAHLIN. You are recommending one. Did you recommend anything of the sort to the Navy and the Air Force? Do you think they need something in the case of a crisis?

Mr. FASICK. The Air Force—I can't describe it in detail—does have something like this, a kit or a package they pick up supplywise which enables them to open up a new base and be in a position to support the base quickly.

ADAPTATIONS OF SUPPLY SYSTEMS

Mr. ROBACK. Is the theory of this quick reaction capability to try to adjust the going system to crises, or is it something over and above that? You have pointed out in your statement that the supply in Vietnam has been done quite well but at high cost and with possible inefficiencies because of all the special adaptations that had to be made.

Is this to try to overcome all these special adaptations?

Mr. FASICK. Yes. In effect, it should improve efficiency and also reduce cost if it is properly implemented.

Mr. ROBACK. But any supply system probably is going to have special adaptations. For example, you attribute them to the present Army organization. You say such systems are required to provide effective supply service for critical items. You are talking about "Red Ball." The Air Force has a "Red Ball" too, does it not?

Mr. FASICK. Yes, it has something comparable.

Mr. ROBACK. It isn't necessarily the fact that it is the Army's system. Every system in a war, and in a war like Vietnam, which in many ways is very unusual, experiences special adaptations. Many of the terrain and environmental features which have made special supply demands were either not anticipated or couldn't be foreseen until they were experienced in the field.

So, you are inevitably going to have special adaptations in any system, isn't that so?

Mr. FASICK. I agree.

Mr. ROBACK. You are trying to minimize the special adaptations, or trying to get away from having to say that the whole system doesn't work when it should be working for combat and not be just a peacetime relatively leisurely system; is that the general philosophy you are propounding?

Mr. FASICK. That was very well expressed.

Mr. ROBACK. You mentioned the possibility of wrapping up certain depots in Europe and supplying units from the United States?

Mr. FASICK. I was suggesting they could eliminate some layers of supply ownership and should give consideration to it.

Mr. ROBACK. You said the Army was planning or proposing to eliminate certain depot complexes; did I understand that correctly?

Mr. FASICK. I don't know about the depots themselves, but organizationally they are giving consideration to eliminating the 7th Army Inventory Control Center.

Mr. ROBACK. In other words, the inventory control would be in the United States?

Mr. FASICK. No, it would be in the Communications Zone's Supply and Maintenance Agency, which is the next highest level. This is the U.S. Army, Europe's logistics organization.

Mr. ROBACK. Looking at the Air Force concept, where you have worldwide control from inventory control points in the United States which are in proximity with the supply depots, the air materiel areas, is there an evolution toward U.S. centralized control over all these field logistics systems?

Mr. FASICK. There is. There is visibility and a degree of control.

Mr. ROBACK. I mean, is the Army sort of gradually evolving along that line, which the Air Force has instituted?

Mr. FASICK. I think so.

Mr. ROBACK. Are you recommending, or do you believe, that the Army could control the inventory from the United States now?

Mr. FASICK. If they overcome some of their other basic problems in the supply systems, conceptually they could do it now, yes.

Mr. ROBACK. This would be standardization of data processing equipment and communications, is that right?

Mr. FASICK. It would involve this.

Mr. RANDALL. We are talking about inventory control from the United States; we are not talking about war over here, we are talking about NATO's operations in Europe.

Mr. FASICK. Yes.

Mr. RANDALL. That's one thing, and I hope we won't confuse any inventory control with the situation where there is a shooting war. How do you accomplish inventory control from the United States? You don't mean to completely control it? Somebody is going to have to be controlling it in the area; you either have an operation or you don't have. You have some kind of operations over there. Address yourself as to how you do that. I mean, you are not with the Air Force, but it has been suggested that the Army will be evolving toward the Air Force's system of a worldwide inventory control and control from the United States. How is that accomplished?

I will have to first say we are pretty close to the military, but we are always on the procurement and the military construction end, and not exactly on this end. I would like for you to address yourself to that. How is that accomplished?

Mr. FASICK. Possibly the best way to explain it would be in the case of the Air Force, where they do have, through high-speed communications and computers, visibility of their stocks at their bases, both in the United States and overseas.

Mr. RANDALL. Then the emphasis is on the word "control." It seems to me there would be no substitute for actually checking your inventory where the inventory is. You are simply saying it is going to be communicated back; that's what you mean by control?

Mr. FASICK. That's right; visibility, sir.

Mr. RANDALL. Visibility? Well, all right.

Mr. ROBACK. Do you think visibility by itself is enough for control, or do you think you have got to have the actual power to redistribute?

Mr. FASICK. I think they need the power to distribute it, too. If the Army develops a system where the commanders can have confidence in their supply system, it will work.

Mr. LUMAN. You are talking here about visibility at depots; you are not going to trifle with the division commander at all?

Mr. FASICK. No, sir. We are not talking about the 7th Army in itself, with its direct support units (DSU's). Each division has several, and the 7th Army has a number of them. No; we are talking about the large depot stockage complexes that they have overseas today over which commodity managers in the United States have no visibility and no control.

Mr. RANDALL. How was that? You say they have no visibility and no control?

Mr. FASICK. No visibility and no control, except on a special request basis. A commodity manager in the United States may, through a special request, ask a depot in the 7th Army——

Mr. RANDALL. Of course, we have been over there a few times, and I think a lot of it will turn on what you mean by the word "visibility," and I don't know whether we have gotten around to defining that or not. May I ask a few questions, if it is all right, Mr. Counselor?

Mr. ROBACK. Fine. I'm delighted.

GAO REVIEW IN VIETNAM

Mr. RANDALL. You say GAO sent a team to Vietnam. How many men did you send down there?

Mr. FASICK. We had 12 men.

Mr. RANDALL. I understood you to say 60. This is the genesis of this report?

Mr. FASICK. Yes; that report.

Mr. RANDALL. You said, as I gathered, when I came in—and I haven't had a chance to either read the report or your statement, just barely the chairman's remarks, and also his note to the members calling this series of meetings—you said you gave the Army a chance to turn in their items, no questions asked. I think those were the words you used earlier.

Mr. FASICK. We didn't give them a chance. I was merely observing, or made the comment, that the Army had advised us that this was one of the exercises they went through. They went through this, incidentally, before we went to Vietnam to make our review.

Mr. RANDALL. "They," meaning the Army.

Mr. FASICK. The Army; yes. They had sent 500 men over there——

Mr. RANDALL. That's where I got the 500. The Army had sent the 500. You sent the 12.

Mr. COLBS. We sent 12.

Mr. RANDALL. Let's be a little more specific about this turn-in. We were down there and we thought that the supply system was at that point, at least in January of this year, working rather well.

Was that your conclusion, Mr. Roback?

Mr. ROBACK. Generally; yes.

Mr. RANDALL. What did this turn-in consist of? What did you find they didn't need?

Mr. FASICK. We didn't find this, sir.

Mr. RANDALL. You were down there though. You know something about it.

Mr. FASICK. Yes, sir; we were there. Each unit and the direct support units have an authorized stockage list, the items they were suppose to carry and that they can expect their units to requisition from them. A requirement determination is made pursuant to a formula to determine how many of these items and what items they will keep at these support units. The Army exercise amounted to checking what these people had against what they were authorized to have, both in types of items as well as quantities. They revalidated, in effect, their stockage list.

Mr. RANDALL. What I am trying to get at, did you find or did the Army find—and you certainly were there at the time the Army was there or were you subsequent to the Army?

Mr. FASICK. Subsequent.

Mr. RANDALL. But you certainly were privy to, and you knew what the Army had done, the 500 Army men; you 12 men resurveyed what the 500 had done?

Mr. FASICK. Well, yes; we saw the effects of what the 500 had done.

Mr. RANDALL. You were there for that purpose; weren't you?

Mr. FASICK. Yes, sir—well, we were there to look over the control and management of Army inventories in Vietnam.

Mr. RANDALL. I am trying to get you to tell us in what categories—what did you find? We are going to get to these thousands of items that were not needed in inventory or hadn't been moving you said. What did you find down there that hadn't been moving?

Mr. FASICK. I can't directly relate through our report here a specific item. I would venture to say that it covered all ranges of Army commodities.

Mr. RANDALL. Everything in other words? Big items or little items?

Mr. FASICK. Big items and little items.

Mr. RANDALL. Jeeps and everything?

Mr. FASICK. Jeeps, spark plugs, tires; any commodity that the Army uses in its operations overseas.

As we point out in our report, the Army in Vietnam has approximately 120,000 different types of items they stock and keep on hand to support the troops. According to their own records, which they admit were unreliable because of the conditions we spoke of earlier, they recognized——

Mr. RANDALL. What condition could that be except you are in a combat area down there? That is why I think we ought to get a dividing line between the two different situations. In what conditions did they say they were unreliable?

Mr. FASICK. In the sense the records didn't really reflect what they had on hand and the quantities that they had on hand.

Mr. RANDALL. I think we ought to put in the record——

Mr. FASICK. Now, some of this is a reflection of this mass of material that was turned in. This was a desirable exercise, it was a good start. The next step, and they have been in the process for the last several months, is trying to get control of the stocks in their depots, to find out what they have and how much they have and then correct the records so that they can properly manage their supplies.

The Army is very conscientious about this. I think they are doing a magnificent job considering the conditions under which they work. You say combat.

Mr. RANDALL. I think there is where we have to stop right there. Many of the places that our subcommittee have visited are now in the direct line of fire. I think this touches on the whole problem. We are all interested, of course, in efficiency and in control and not having anything that you don't need, but there it is a pretty nasty war and it is getting as bad as it ever was. I want you to say, if you can, what can be done under those conditions that isn't being done?

Mr. FASICK. I think the five things that we state in our report.

Mr. RANDALL. In the conclusion here, your recommendations are on page 36?

Mr. FASICK. It is really on pages 3 and 4, and then possibly 36.

Mr. ROBACK. Which are you referring to?

Mr. FASICK. True, the Army is under fire to some extent. Cam Ranh Bay and Qui Nhon, they have been subject to some fire, but they have relatively fixed bases now with competent people, and they are getting more competent people daily. They have the capabilities in terms of equipment and computers to do a better job of managing what they have. I think the Army will be the first to admit that you can't hide under the excuse we are under fire in terms of losing control over our stocks and our inventory, because if they don't know what they

have and if they don't know where it is, they are going to have a very difficult time supporting their combat units.

So, it is important for the logistics people to get control of this area.

Mr. LUMAN. Your recommendation here, once again, is speaking to these large fixed depots rather than what the 101st Airborne has?

Mr. FASICK. Right, very much so. We are not talking about the platoon, or the company. We are talking primarily here of the depots and getting control. We are also alluding to the depots doing a better job in assisting the direct support units, so they can do the job they need to do.

PURA PROGRAM

Mr. ROBACK. Secretary Morris was in Vietnam. He recommended the setting up of the redistribution agency for the whole theater, did he not?

Mr. FASICK. Yes; he did. I think this is a reflection of the large amount of stocks that they knew were excess.

Mr. ROBACK. In the early days General Westmoreland wanted to put the troops in quickly, and the supplies lagged. When the supplies caught up, they more than caught up. In a sense, and given the limitations in the Army supply management systems, you not only had lots of supplies but you didn't always have good records on them. This is a problem we are now trying to grapple with.

Mr. FASICK. Yes.

Mr. ROBACK. Assistant Secretary Tom Morris, as we understand, is now in Southeast Asia and is probably reexamining or taking another look, and we are hoping we will be able to get a firsthand account from him when he gets back.

I would like to ask one more question, Mr. Chairman.

Mr. RANDALL. Go ahead. I have some more questions.

DOCTRINE FOR SUPPLY AIRLIFT

Mr. ROBACK. Considering the fact that there are large differences in the kind of airlift criteria, that is, airlift practices between the Air Force and the Army, let us say, what difference does that make to worldwide control and responsiveness of these supply systems? The Army doesn't move nearly as much by air as the Air Force does. Is it implied in this kind of recommendation that you make for standardization, complete visibility, and redistribution of assets, that the supply responsiveness hinges upon new concepts of airlift?

Mr. FASICK. I think so. I think the Army is even thinking ahead to an increased capability and availability of airlift to them.

Mr. ROBACK. What I see there are contrary tendencies. On the one hand you have to develop a doctrine of airlift for the grounded Army, so to speak; on the other hand, there is a lot of concern, in which the GAO probably not only shares but helps to articulate, that there is too much going by air that is not airworthy.

So you have a tendency to discourage people from developing air-mindedness in cargo when you are constantly criticizing them for hauling by air what ought to go by slower methods. These are practical problems of the operators.

Mr. FASICK. I had the pleasure of meeting with some people out at MAC, including the commander of the Military Airlift Command. They are pointing out that the cost of air transportation is constantly coming down so that someday many of the systems and concepts we have for distribution will and should change. I even asked the question about the Army's stockpiling of railroad cars for transporting people when today we are moving all of our people through airlift and other rapid forms of transportation as opposed to railroads.

Mr. ROBACK. You refer to the rolling stock?

Mr. FASICK. Rolling stock that they have stored.

Mr. ROBACK. 5,000 or whatever old cars in rolling stock, and narrow gauge, no doubt.

Mr. FASICK. Then we were also talking to General Norton, commander of the Army Aviation Materiel Command. He was pointing out that they didn't have the availability of airlift and needed to move, for example, engines for helicopters, by surface, but they had at that day reached a new agreement with the Air Force people for increased air availability and he was pleased. I think this all ties in, Mr. Roback, to what the Army should be thinking in terms of its logistics concepts. Should we be thinking in terms of massive, large overseas stockage organizations or should we be thinking in terms of rapid resupply? But that is down the road a bit.

Mr. DAHLIN. On page 20 of your statement you talk about several supply systems for the support of the forces. Have you developed a list of just how many systems you are talking about? Are you talking about regular systems or all of these as priority systems?

Mr. FASICK. I would like to be a little bit careful how I describe these because I think Mr. Roback hit a very valid point where he pointed out that all supply systems need, in some cases, extraordinary actions in situations such as we are finding in Vietnam.

Let me give you an illustration.

The Marine Corps, for example, never did trust the communication systems until very recently between Vietnam and Okinawa.

So they not only sent some of their requisitions through the transceiver transmission system but they duplicated it by having a courier fly daily from Vietnam to Okinawa to carry the requisitions to be sure they got them. Here is an illustration where they compensated for a weakness in the system with something else that was less efficient; but it was the only way they could assure themselves that they would get their requisitions there.

Mr. DAHLIN. This was before they introduced computers into the Marine Corps system.

Mr. FASICK. Well, no; it wasn't. They had the computers in the Marine system, but it was a question of not having faith in the communications system that the Army was using between Vietnam and Okinawa. They just refused to accept——

Mr. DAHLIN. They were afraid the data would get scrambled?

Mr. FASICK. Scrambled or lost. A clerk walking to one of the switching stations could trip and lose a box of cards and you would lose your requisitions.

Mr. RANDALL. There have been some instances of that and we know of some. I am not sure it is a question of faith but rather a question of faith shaken on the part of the Marines.

Mr. FASICK. But I think this is what we have in mind. Whenever you don't have confidence in your system and you want to be sure it is done, you take extra actions to be sure it is done; and if we can take actions to get the system more sound, we won't have to do these kinds of things.

Mr. DAHLIN. That is a Marine Corps item you mentioned. What are the special supply systems that you include within your comment on page 20?

Mr. FASICK. Let us furnish something for the record on that, Mr. Dahlin. I don't have it at the moment.

Mr. COLBS. There are a couple of examples mentioned on page 20. It is certainly not an all-inclusive list.

Mr. DAHLIN. You didn't try at the time to find out just what the situation was with respect to these systems?

Mr. FASICK. We had a list of between 15 and 20 we had picked up just as an illustration, and we can get a list of that nature for you and furnish it for the record.

(The following information was supplied for the record:)

LISTING OF THE VARIOUS SUPPLY SYSTEMS FOR THE SUPPORT OF THE U.S. ARMY FORCES IN SOUTHEAST ASIA

SPECIAL SUPPLY SYSTEMS

1. Red Ball—Requisitions for deadlined equipment in Vietnam are forwarded direct to a control office in San Francisco.
2. Hawk missile supply system—Requisitions are routed directly from Vietnam to the inventory control point (ICP) in the United States.
3. Army aircraft supply system—Requisitions for repair parts are routed directly from Vietnam to the ICP in the United States.
4. Artillery supply system—Requisitions for repair parts for artillery items are routed directly from Vietnam to the ICP in the United States.

REGULAR SUPPLY SYSTEMS

(The following supply systems operating in Vietnam are essentially the same as those used throughout the world for the types of item shown.)

1. Subsistence items.
2. Items for the support of South Vietnamese forces.
3. Commercial vehicle repair parts.
4. Bulk—petroleum, oil, and lubricants (POL).
5. Items procured locally.
6. Medical items.
7. Supply of parts for the support of new equipment deployed to Vietnam.
8. Ammunition items.
9. Common housekeeping items.
10. Repair parts for equipment other than those specifically cited above.

Mr. LUMAN. Does this increasing automation of supply procedures make the importance of check systems greater now in terms of supply discipline; in other words, is it easier to distort the supply system because you are just using numbers rather than names of items? Do you think this plays a role in the need for a check system?

Mr. FASICK. Under the complex systems that exist, I think the managers must exercise judgment through exception reviews or other types of reviews. It is all the more important to build checks into your computer programs, something along the line that Mr. Roback spoke about before. Any time you get a high-priority request for certain types of noncombat essential commodities, then it should be questioned or could be questioned.

Mr. COLBS. This is an advantage that these types of standardized systems give you. It gives you a basis for analysis. You can analyze transaction data coming from using units, by commodities, and see what your experience has been. This will point up the exceptions such as abuse of the system that will require specific management attention.

Mr. ROBACK. You referred in your testimony to an earlier report to several committees of the Congress. This was not a formal report by the Comptroller General?

Mr. FASICK. No, it wasn't. It was transmitted by the Comptroller General to the chairmen of various committees.

Mr. ROBACK. It wasn't a blue book, was it?

Mr. FASICK. No.

USE OF STOCK FUNDS

Mr. ROBACK. In that report were some of the things you have recapped or restated in your testimony, but there was one item I recall that you didn't touch upon in your testimony, and that is you suggested that possibly under combat or crisis conditions the stock fund method of financing supplies could be inefficient or a delay factor. If the fund was inadequate or the commanders didn't have the requisite funding, then there would be unnecessary delays and you thought perhaps there ought to be suspensions, as I recall——

Mr. FASICK. A raising of stock fund control to a higher level.

Mr. ROBACK. Would you expand on that a bit and do you still subscribe to that position?

Mr. FASICK. We do. In the report we recommended it and the Army has adopted it. No supplies are being denied to Vietnam now because of stock fund limitations. We did find, as pointed out in that report, back in March 1966 that several hundred million dollars of supplies were held up because of the allocation of stock funds——

Mr. ROBACK. Who is the paying entity closest to Vietnam? Who has to pay for the supplies?

Mr. FASICK. USARPAC—U.S. Army, Pacific.

Mr. ROBACK. Under what conditions ought there be suspension? When there is fighting, actual combat?

Mr. FASICK. Yes, this is what we suggested.

ADEQUACY OF FACILITIES IN VIETNAM

Mr. RANDALL. That was the long bell indication that the House is in session. I think under the rule we have consent to sit while the House is in session. I won't be very long. I have just a few questions. I find no reason to question some of your recommendations on page 3 of your report, which seem to be very reasonable. When I get over on page 4, you talk of the lack of sufficient computer capability. You are not suggesting putting computers out there in the field, are you?

Mr. STOLAROW. The Army is doing just that, sir.

Mr. FASICK. Down at the DSU unit——

Mr. RANDALL. Whereabouts, in Saigon?

Mr. FASICK. In Saigon, Cam Ranh Bay, Qui Nhon.

Mr. RANDALL. We managed to break away from our keepers one afternoon and got around a little bit on our own. That is why I want to ask you something about these photographs. When were these photographs taken?

Mr. FASICK. November and December of 1967.

Mr. RANDALL. We will have to say we didn't see anything quite as disheveled as this unless some of this stuff just came in. We found some pretty good warehouses there, and in pretty good order.

Mr. FASICK. That was at Long Binh.

Mr. RANDALL. Up and between there and Cam Ranh. We took a pretty long trip, and, I would have to submit, all up and down there it was much better than your photographs would indicate. You say this was in December?

Mr. FASICK. November and December.

Mr. LUMAN. This is Saigon?

Mr. FASICK. Saigon, the 506th Depot, which is moving, and I suspect it is going to take them a couple of months to get them moved to Long Binh.

Mr. RANDALL. We have established the fact that you are going to put computers in the field.

Mr. FASICK. The Army is.

Mr. RANDALL. You say there is a shortage of trained inventory managers. These would all have to be civilians.

Mr. FASICK. No, sir. They have military people trained. For example, you may have had occasion to visit the Marines' computer center. It is about 10 miles outside of DaNang. They have it all sandbagged, but they have a very complicated computer set up there 10 miles outside of DaNang. But these are essential, sir, to today's modern, highly sophisticated, highly complex logistics systems. I don't think they could operate without them for a very long period.

Mr. RANDALL. Your contention is at the time you wrote this report there was still inadequate facilities for the storage of inventory in December?

Mr. FASICK. Very much so, and I suspect the Army would be pleased to point out to you, too, that they could use more facilities.

Mr. RANDALL. I don't think there is any doubt about that. I just have to challenge the disparity between your photographs and some of the things we felt were in pretty good condition as far as their warehousing.

You recommend that the Secretary, on page 36, establish a system for challenging the priorities of requisitions in Vietnam to preclude unauthorized use of unnecessary high priorities. Well, of course, a high-priority item is something you have to have, and I assume that someone is going to pass judgment on that at the start. How are you going to check on that commander? How are you going to challenge it?

Mr. FASICK. If the man comes in and he wants a refrigerator or a davenport——

Mr. RANDALL. Is it quantities or items?

Mr. FASICK. It would be types of items and quantities, both.

Mr. RANDALL. I think there is a reasonable doubt about refrigerators, but as distinguished from the number of weapons—you are not talking about weapons?

Mr. FASICK. Not combat essential items at all.

Mr. RANDALL. Then you are not talking about combat items?

Mr. FASICK. We are talking about noncombat essential items.

Mr. RANDALL. You refer there to an inventory manager. Are you suggesting that be within the military or is that civilian? On page

36 you say you recommend the Secretary initiate a procedure whereby periodic lists of short-supply items will be submitted by operational organizations to inventory managers. Who are those people?

Mr. FASICK. These would be the inventory control points here in the United States. For example, the Aviation Command in St. Louis, Mo., the Tank Automotive Command——

Mr. RANDALL. Over in Illinois?

Mr. FASICK. In Michigan.

LOW-DEMAND ITEMS

Mr. RANDALL. I was interested in your remarks just a second after I came in when you said that the DSA had 800,000 items in inventory that had not been moved.

Mr. FASICK. This was DSA and Navy. These were items that had not moved for a period of 24 months or more. There had been no activity.

Mr. RANDALL. What is your recommendation as to that?

Mr. FASICK. We recommend that they give consideration to eliminating these items from the inventories.

Mr. RANDALL. You established a period of 2 years. Is there anything magic about that time? If it hadn't moved for 6 months or a year, would you make the same recommendation?

Mr. FASICK. No. Two years isn't necessarily magical, except that we feel that once something has been in an inventory 2 years and you haven't had any activity in it, it deserves some sort of review.

Mr. RANDALL. But a year would be all right in your opinion?

Mr. FASICK. Yes; I think so. There are many items——

Mr. RANDALL. Eighteen months?

Mr. FASICK. Now it is a question of degree.

Mr. RANDALL. I am trying to get you to say why you say 2 years. You just found that to be a factor. How did you reach the 2 years?

Mr. FASICK. Many times the services determine whether they are going to stock an item based on the number of demands they get in a certain period of time. Frequently, if they have three demands in a 1-year period, then they decide to stock that item. So, working from that basis, if they have had no demands for an item in 2 years and if after reviewing the case——

Mr. RANDALL. The statute of limitations runs out after 2 years?

Mr. FASICK. Not necessarily in every single case. There are times when an item is essential. You may not have any use for it for 10 years, but if you didn't have it when you need it a system would break down completely.

Mr. RANDALL. I will have to say to you that is the whole theory of stockpiling. We think we need some of that around as long as it is usable, no matter where it is.

Mr. FASICK. The point of the 800,000-and-some items is that we are not suggesting all of those be eliminated and dropped from the inventory tomorrow, but we think it illustrated the magnitude of a problem that needed more attention than it was getting so far. I think the Department of Defense is in sympathy with that position, once they can get the wherewithal to work on it.

Mr. ROBACK. Generally in the past they have tried to work on breaking down—I think the Navy had a fractionation program where they would try to segregate, for example, slow moving items. All managers try to identify slow moving and fast moving and other categories for management purposes. This was just one instance where they hadn't been giving enough attention to the problem?

Mr. FASICK. Right.

Mr. RANDALL. I think we should announce that when we adjourn today we adjourn until 10 o'clock tomorrow morning in this same room and General Heiser of the Army will be our chief witness.

Before we adjourn, I would like to thank Mr. Fasick, although I want to put it very clearly on the record I don't agree with all of this. I submit the commander certainly must have some prerogatives which he must perpetuate in the field.

(Thereupon, at 12:10 p.m., the committee was recessed, to reconvene at 10 a.m. Tuesday, June 25, 1968.)

MILITARY SUPPLY SYSTEMS

TUESDAY, JUNE 25, 1968

HOUSE OF REPRESENTATIVES,
MILITARY OPERATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 2247, Rayburn Building, Hon. Chet Holifield presiding.

Present: Representative Chet Holifield.

Also present: Herbert Roback, staff administrator; Douglas Dahlin, counsel; Joseph C. Luman, defense analyst; and Paul Ridgely, investigator.

Mr. HOLIFIELD. The committee will be in order.

Today we continue with our hearings on military supply management.

Maj. Gen. Joseph M. Heiser, Jr., Assistant Deputy Chief of Staff for Logistics in the supply and maintenance areas will present his statement.

General Heiser, I note your statement is rather lengthy. Members of the staff may have some questions as you go along and also at the conclusion of your statement. So excuse us if you are interrupted, but you cover so many important issues we want to get some amplification as we go along.

General, you may proceed.

STATEMENT OF MAJ. GEN. JOSEPH M. HEISER, JR., ASSISTANT DEPUTY CHIEF OF STAFF, LOGISTICS (SUPPLY AND MAINTENANCE); ACCOMPANIED BY BRIG. GEN. JOHN KLINGENHAGEN, DEPUTY, ADCSLOG (S. & M.); COL. ANTHONY DASKEVICH, DEPUTY, ADCSLOG (S. & M.) FOR PURM; LT. COL. OSCAR J. SANDERS, STAFF OFFICER, SUPPLY POLICY AND PROCEDURES, DIRECTOR OF SUPPLY; COL. J. M. TUMLINSON, CHIEF, EUROPEAN-NORTH AFRICA BRANCH, THEATERS, DIVISION OF PLANS; WAYNE SMITH, TECHNICAL ADVISER, ADCSLOG (S. & M.); JOHN TAYLOR, CHIEF, LOGISTICS DOCTRINE AND SYSTEMS OFFICE, DCSLOG; ALL DEPARTMENT OF THE ARMY; BRIG. GEN. LEO B. JONES, DEPUTY COMMANDING GENERAL, FIRST LOGISTICS COMMAND, U.S. ARMY, VIETNAM; AND ROBERT WOODSIDE, OFFICE OF THE DEPUTY CHIEF OF STAFF PERSONNEL

BIOGRAPHICAL SKETCH, MAJ. GEN. JOSEPH M. HEISER, JR.

Joseph M. Heiser, Jr., was born in Charleston, S.C. on January 22, 1914.

He attended Providence College, Providence, R.I., and The Citadel, Charleston, S.C. He was awarded a masters degree in business administration upon completion of a 2-year course in industrial executive training at the University of Chicago in 1956.

He served in an enlisted status from April 1942 to February 1943 and attained the grade of first sergeant. He was commissioned a second lieutenant on May 15, 1943, upon graduation from the Officer Candidate School, Aberdeen Proving Ground.

During World War II he served in the European Theater of Operations and was awarded the Legion of Merit for his service in combat support of U.S. forces in their mounting of the Normandy invasion and liberation of Northern Europe.

Following World War II he was assigned as assistant executive officer, Office of the Chief of Ordnance, where he remained until selected for attendance at the Command and General Staff College in September 1949.

In 1950, at the outbreak of the Korean conflict, he was assigned to the Far East Command as ammunition supply officer and assistant ordnance officer of Pusan Base Command. He was subsequently assigned to the 7th Infantry Division and during this period of service was awarded an Oak Leaf Cluster to his Legion of Merit as well as the Bronze Star and Commendation Ribbon with Metal Pendant.

Returning to CONUS in 1951, General Heiser was named executive officer of the ordnance school where he remained until assigned in 1954 as a student officer to the University of Chicago. In 1956, he returned to the Office of the Chief of Ordnance as executive officer. He entered the National War College in August 1960.

General Heiser arrived in Europe in September 1961. He was assigned as Assistant Chief of Staff, G–4, 4th Logistical Command, and served in that capacity until his appointment as chief of staff and deputy commander of the command on June 27, 1962.

He assumed duty as Chief of Staff, U.S. Army Communications Zone, Europe, on March 11, 1963.

He was assigned as Assistant Deputy Chief of Staff for Logistics (Supply and Maintenance), Department of the Army, on April 4, 1966.

General HEISER. Mr. Chairman and members of the committee, I am Maj. Gen. Joseph M. Heiser, Jr., Assistant Deputy Chief of Staff for Logistics in the supply and maintenance areas for the Headquarters, Department of Army. For the last 2 years I have been directly involved in improving supply and maintenance effectiveness Armywide and particularly in South Vietnam. Starting in July this year, my interest in the South Vietnam logistic system will be more specific with my assignment as the commanding general of the 1st Logistic Command.

Mr. Chairman, I may insert off the record a comment here, sir.

(Off the record.)

General HEISER. Findings contained in General Accounting Office reports and prior committee presentations are indicative of the highly penetrating study given to the combat logistic system. The thoroughness and dedication evidenced in the General Accounting Office reports are a tribute to the dedicated service of their personnel and success of their functional approach to audit work.

Over the years, and especially the most recent 2 years, contacts with General Accounting Office's representatives at all levels have been most rewarding and their suggestions concerning improvement of operations in Southeast Asia and Armywide have been most helpful.

The Army has met with General Accounting Office representatives during the course of their Southeast Asia reviews and prompt corrective action has been taken where possible and practical. It is in the context of this relationship that my remarks will be directed.

I would like to add that we have had periodic meetings with the General Accounting Office so that we could have reviews of situations with which they were familiar, to indicate what progress was being made as time went along.

The General Accounting Office opinion that the Army supply system has been responsive to combat needs is a reflection of success in today's highly complex environment. In the next hour or so that Department of Army logistics management structure will be presented along with a short résumé of the history and development of operational management controls used Armywide and an outline of logistic commands in Southeast Asia, including some information on the complexities to the Army weapons system, equipment, and materiel.

Prior General Accounting Office reports and Department of Army efforts to eliminate deficiencies will be addressed briefly as they apply to efforts in process or planned for logistic operations, including the Quick Reaction Inventory Control Center, and planning underway for use of future technological advances in transportation, communications, and automation capabilities.

It should be noted that the more complex problems existing in the logistic system are principally identified to the more difficult area of repair parts management.

In consideration of complex problems in the logistic system, it is essential that such systems be designed both in continental United States and overseas so that they will be effective in a combat environment.

GENERAL HISTORY AND DEVELOPMENT OF SUPPLY SYSTEMS IN USE, DEPARTMENT OF ARMY-WIDE AND LOGISTIC COMMAND ORGANIZATIONS IN SOUTH VIETNAM

The Army supply system, like that of the other military departments and the Defense Supply Agency, is governed by broad policies established by the Secretary of Defense. The Secretary of the Army is aided in supply and logistics matters by the Assistant Secretary of the Army, Installations and Logistics. Within the Army staff, the Deputy Chief of Staff for Logistics is the principal adviser to the Chief of Staff and to other staff and major command elements on logistics matters.

The Army was reorganized in 1962 and major realinements were made in the supply system. The Army within the continental United States was formed into three major commands: The Continental Army Command, the Combat Developments Command, and the Army Materiel Command.

The traditional technical services were reduced or eliminated, and except for medical supplies, all of their former materiel functions were centralized within the new Army Materiel Command. The Deputy Chief of Staff for Logistics staff supervision was strengthened.

Under this revised concept, the Army Materiel Command is the wholesale supplier for the Army as well as principal participant in supervision of Army logistics worldwide. Upon its activation in 1962, it assumed the missions formerly assigned to the Chiefs of Technical Services of the Army concerning the development, test, cataloging direction, quantitative requirements determination, procurement, production, distribution, supply control, inventory control, maintenance direction, and surplus disposal of supplies and equipment.

The Army Materiel Command has eight major subordinate commands. Seven are commodity commands which are responsible for materiel management in a specific commodity area: tank-automotive,

aviation, missiles, weapons, electronics, mobility, and munitions. One is a service command responsible for providing test and evaluation services to the Army.

National inventory control points are responsible for the worldwide management of inventories of assigned commodities. The individual commodity manager at the national inventory control point is responsible for the management of specific items assigned to him. This responsibility includes accounting for assets, requirements computations and direction of procurement, distribution, overhaul and disposal. As a result, all of the wholesale functions and technical assistance and supervision of retail functions of inventory management for an item are centralized at one place.

The Army's field logistic concept is one of rapid repair and return of weapons systems and equipment to combat with minimum investment in resources and highest availability to the combat commander. When materiel cannot be quickly repaired in the forward or corps and Army combat areas, it is evacuated to the relatively more secure area of the communications zone where more comprehensive fixed maintenance facilities can be used.

The Army uses the standard Defense requisitioning system, as do all services. Order and shipping time criteria are centered around combat missions, commodities, transportation costs, and related capabilities needed in combat. For the most part petroleum, oil and lubricants, ammunition, and general-purpose vehicle maintenance support is provided by the Army to other services in a combat area and overseas in peacetime.

There are approximately 2,500 mobile field Army units which must be supported by the Army supply system in Vietnam. These units submit requisitions to the supply system for materiel, including the repair parts needed for about 200 major maintenance significant items in each unit. Initially, it was considered possible to support combat units from static or fixed base camps; however, the large number of units and their high degree of mobility and extended combat missions away from the base camp prohibit application of this support method.

Mr. ROBACK. General, at that point, what is the method?

You cannot supply from fixed base camps, so how are you supplying?

General HEISER. What we are doing, sir, is supplying from a base of three major depots in Vietnam, in Saigon, Qui Nhon, and Cam Ranh Bay areas, and those are the only fixed installations we have.

The other installations are direct-support and general-support units that accompany the combat units in their operations, so that they move.

Mr. ROBACK. You are still operating from fixed base?

General HEISER. We are operating from three depots, sir.

The fixed bases I am talking about, Mr. Roback, are the bases that were initially established to support a combat division, for example. An example would be the fixed base that was established outside of Bien Hoa for the 101st Airborne Division.

The 101st Airborne Division has not been within 200 to 300 miles of that base in the last 6 months. In fact, they are north now, Qui Nhon.

Therefore, the value of that fixed base now, because of the movement of tactical troops, becomes less valuable in terms of a supply center.

Mr. ROBACK. These 2,500 mobile units that are being supported, do they include advisory units attached to the ARVN?

General HEISER. No, sir.

Mr. ROBACK. Do they include Special Forces camps?

General HEISER. No, sir. They would not include the Special Forces camps.

Mr. ROBACK. What is the lowest unit level that is a subscriber?

General HEISER. We are talking here, sir, about the unit that has a supply entity in terms of the fact that they have certain authorizations upon which they requisition, and that they submit requisitions on the system. I think that is the easiest way to describe it.

Mr. ROBACK. They are the subscribers?

General HEISER. Yes, sir.

Mr. ROBACK. What is the lowest unit for requisition, a company?

General HEISER. No, sir; a battalion.

Mr. ROBACK. Battalion?

General HEISER. In the infantry setup.

Mr. ROBACK. Is it fair to say that among the 2,500 mobile field Army units that are supplied, that the majority of them are battalion, maneuver and other battalions?

General HEISER. Sir, they are maneuver battalions, separate companies, if they happen to be separate, including if they are DSU, that is not assigned to a division but as a separate direct support unit. It can be a company or it can be a battalion, sir.

Mr. ROBACK. All right.

General HEISER. This then is a thumbnail sketch of the Army's logistic organization, and management control. Let us examine the build-up in South Vietnam to gain some idea of the complexities of overseas logistic support.

The Army's logistic operations in South Vietnam are managed by the Headquarters, U.S. Army, Vietnam. This headquarters exercises command over all types of material, including separate commands controlling aircraft, avionics and aircraft armament, medical supplies, engineer equipment and ammunition, petroleum, oil and lubricants, repair parts and other supplies.

Full-scale planning for logistic support of Department of Army forces in South Vietnam began in 1964 to meet requirements of the U.S. combat involvement and on April 1, 1965, the 1st Logistics Command was assigned and located at Saigon. The command's initial tasks were to obtain the necessary real estate and establish support capability in the areas of Saigon, Cam Ranh Bay, Qui Nhon, Nha Trang, and Vung Tau.

Responsibilities of the 1st Logistics Command included supply operations—except aircraft—maintenance support, transportation, grave registration, and miscellaneous services. Support to engineer activities, excluding major construction, and purchasing and contracting services was also accomplished.

Mr. ROBACK. Generally, what forces or elements does the Army not support in Vietnam?

General HEISER. Excuse me, sir?

Mr. ROBACK. What U.S. forces in Vietnam or engaged in the Vietnam conflict are not supported by the Army?

General HEISER. There is none, sir.

Mr. ROBACK. I mean you do not support the Marines, do you?

General HEISER. We support the Marines partially, sir, depending on where they may be located.

Mr. ROBACK. Could you tell us at this point what is the allocation of responsibilities for support for Vietnam?

General HEISER. Yes, sir.

Basically, each service supports itself. However, in an effort to avoid duplication, where a service responsibility cannot be included entirely within a certain geographical area, there have been arrangements made, as they are made throughout the services to assure that we do not duplicate the efforts of one another to the extent that this can be avoided.

Now, sir, for example, basically the South Vietnam combat area is divided into four Corps Zones. Starting at the north, at the DMZ and working south, we have the I Corps Zone, which is primarily and has been, as you know, a responsibility of the Navy and the Marines.

This has become more complex since the first of this calendar year, when Army troops were moved up in considerable numbers into this area.

There is then the second, third, and fourth Corps Zones progressing down to the Delta area. In the second, third, and fourth Corps Zones, since the Army's combat units predominate, it is basically an Army mission to support those Corps Zones. In the I Corps Zone, it is basically a Navy mission to support those Corps Zones.

Within this rather simplified approach, it becomes a little complex, and I can go into this to the extent that you desire. However, in the I Corps Zone, I think we might examine this and indicate what does happen.

The Army has moved up into the I Corps Zone into an area at Da Nang, for example, at which the Navy has a base development plan with the Marines and in which the Navy has been the principal agency responsible, including port operations.

The Army is supporting Army units to the extent that it has been determined practicable, using common supply through the Navy to support Army units.

For example, food. Food to Army units in I Corps Zone is supplied through the Navy. It becomes more complex when we get into repair parts and support of equipment, because of the fact that we are talking about different types of equipment in many cases, and so what we have to do, and what Army policy in this regard is that we will not duplicate anything that we can get through the Marine supply system in I Corps Zone, but we will support the Army requirements on those items that are not available through the Navy supply system in I Corps Zone.

Now that can be applied, I think, pretty generally across the entire South Vietnam area.

I would like to add to this that there has been considerable interservice supply support agreements, both in Vietnam and outside of Vietnam, whereby the services support one another depending upon the economics of the situation as they are seen, sir.

Mr. ROBACK. All right.

General HEISER. Since 1965, the 1st Logistics Command has grown from the initial 34 military personnel to over 50,000 military personnel and approximately an equal number of civilian personnel providing combat service support to U.S. forces of more than one-half million, not including support to allied forces.

I might insert here, sir, that the workload, the 1st Logistical Command handles, to give some size of the scope of the problems—in May, which is a good exemplary month, we received 248,000 short tons in those three depots, and we shipped out of those three depots to customers 268,000 tons, or in excess of a half-million tons in the month. This does not include 2.6 million barrels of POL, but of course POL, that is bulk POL, and this goes through pipeline.

So in addition to this, there is one other fact: that in retrograde, moving unserviceables out of the country, we have reached a 30,000 short-ton level in this regard.

Mr. ROBACK. You have 100,000 employed by the 1st Logistical Command equally divided into military and civilian?

General HEISER. Roughly; yes, sir.

Mr. ROBACK. The civilians do not count in your force level quotas, do they?

General HEISER. We have a civilian ceiling that is authorized Vietnam both in terms of Department of Army civilians as well as local nationals, sir, in addition to the limits on military personnel.

Mr. ROBACK. In the 530 or 540,000 U.S. forces in Vietnam, are these 50,000 counted?

General HEISER. Yes, sir.

Mr. ROBACK. Do you have a civilianization program to try to put more civilians in there so that more of the military personnel will be counted as combat, available for combat?

General HEISER. Sir, may I first of all, in view of the questions that are going to take place, state I have two witnesses with me at the table that I would like to introduce so that you will know when they get involved in the questions and answers.

One is Brig. Gen. Leo B. Jones, who is the deputy commander of the 1st Logistical Command in Vietnam. He was not brought back here especially for this hearing, but he happened to be here, and so he is cooperating with us to assist in answering your questions, sir.

Over on my right, sir, is Mr. John Taylor, who is in the systems portion of the DCSLOG office, and so when we get into examination, particularly an examination of logistics systems having to do with ADP processes and other things, Mr. Taylor I am sure will be of value.

And then behind us, sir, in case of need, we do have some others, including, while he may not answer questions, I would like to introduce for future reference Brig. Gen. John Klingenhagen, who apparently will be announced as succeeding me in my job when I leave, sir, and tomorrow is my last day.

Mr. ROBACK. We just happened to catch you. You can hit and run on this one.

General HEISER. Yes, sir.

Mr. HOLIFIELD. Kind of a going-away party for you.

General HEISER. Yes, sir. It is my privilege, sir.

I would like General Jones perhaps to answer this question of civilianization.

General JONES. Specifically on civilianization, the answer to your question, sir, is "Yes." We are civilianizing more this year. Our target for the 12 months ending May 31 is 7,100 personnel.

In other words, we will lose military authorization for that many military spaces, and they will be replaced with civilians, within the 1st Logistical Command. This does not include other civilianization in Vietnam, which I am not prepared to talk to.

Mr. ROBACK. I understand.

General JONES. But we have the bulk of it, sir.

General HEISER. May I clarify that, sir?

General Jones said he would lose. He is speaking of the 1st Logistical Command as opposed to the entire Army complex.

Mr. ROBACK. If you lose so many military, if you need to do the work, you have replaced them to the extent that you can with civilians?

General JONES. Yes, sir.

Mr. ROBACK. Let me ask you this: In other connections we will be discussing logistics and supply personnel requirements. Is the civilianization trend or effort contradictory to or contrary, I should say, to the development of properly trained military personnel for logistics assignments in a theater?

General HEISER. Sir, may I answer this one because it is involved really Armywide, and I might add that you will get into this later. But you already know that there is a project coordinator for the redistribution of local excesses within the Department of Defense. I happen to be that project coordinator.

As a result of this responsibility, I have had the opportunity in the last 6 months of observing other services and their practices. I would like to take my hat off to the Air Force in this regard, because of what I have seen in the last several months.

The Air Force has a formal way of setting up civilians to back up the military in the field. They have various teams that are organized here in CONUS and they are dispatched overseas as the requirement is necessary, to do various things that require professional capability that is not always available within a military base overseas.

We have been doing this in the U.S. Army on an informal basis, but not formally. We have to structure ourselves to do this, in my humble opinion.

Now, what this leads to is this, sir: We are in a sophisticated logistical structure and system. As you well know, we have the responsibility of conducting this in a military combat environment, using the bulk of our people, being 2-year men who have a year or a little more to serve, and of course in Vietnam 1 year no matter what.

In a sophisticated system, it is difficult to maintain know-how of the bulk of the soldiers in this regard; and secondly, sir, it is also difficult to maintain the level of proficiency required in many of our more sophisticated types of jobs.

One of them, for example, is the program design and supervision maintenance of programs of automatic data processing equipment.

As a result, we are and we intend in the future to lean, if anything, more heavily on civilian personnel who are available to do certain

highly specialized jobs within the military, and it is my personal opinion, on the basis of my experience, sir, that this will include considerable in the combat zone.

Now this is not unusual. World War II, as you will recall, I am sure, had many civilians in the various theaters of operations, both contractor and Department of Army. I do not think we recognized quite as much, because we did not examine into the various theaters of operations to the extent we are going today. But this is not really new except that perhaps, sir, because of the sophistication involved, we may have to carry it further, Mr. Roback.

Mr. ROBACK. The environment may be conducive to emphasizing military personnel, but the rotation and the discontinuity involved, let us say, in the short tour militates against that, so you are interested in getting more civilians into overseas theater operations as far as logistics and supply are concerned; is that right?

General JONES. We are talking two different types of civilians here, sir. We are talking—my remark and my answer to your question was on the 7,100. These are being replaced by Vietnamese nationals.

The other side of the question is the Department of the Army civilian or a contractor who may hire some U.S. nationals, in order to do that.

General HEISER. Yes, sir. Now——

Mr. ROBACK. Your civilianization program is to hire the so-called indigenous personnel?

General JONES. Right, sir; with respect to these 7,100.

Mr. ROBACK. The other question we are talking about is the appropriateness of having U.S. civilian personnel in theaters.

General JONES. Right.

General HEISER. Yes, sir.

Mr. ROBACK. In operational theaters?

General JONES. Right.

General HEISER. Your summation of this is right, Mr. Roback, in that we do have to compare the advantages of civilians against the disadvantages of civilians that occur in times of close combat; for example, Tet. Tet disrupted considerably our ability, and if you want to call it that, lines of communication, down to the point of a worker, whether he be a U.S. worker or whether he be a South Vietnamese worker, getting into his place of employment, and General Jones could elaborate on this considerably, but we are only now getting back to somewhere around 80 percent of the number of civilian employees employed at the depot in Saigon that we had prior to Tet, and this gives you some indication of the fact of what you have said.

We have to be careful that we do not overdo this, because otherwise, in a tough combat situation, we can find ourselves in a difficult situation.

Mr. HOLIFIELD. These people just faded away; it that right?

General HEISER. Well, sir, they faded away; and to some extent it was because they wanted security, to get out of the fighting area, and to another extent a lot of these people just could not get back and forth, Mr. Chairman, including some of the military had a difficult time getting back and forth to their place of business where they were not completely within a secure area.

Mr. ROBACK. Do the civilians get hazard pay?

General HEISER. No, sir.

Mr. ROBACK. U.S. civilians?

General HEISER. The U.S. civilians—Mr. Woodside says the U.S. civilians do not get any kind of hazard pay but they get an allowance over there.

Mr. ROBACK. Will you continue?

General HEISER. Since most of the war materials and equipment are delivered by ocean transportation, the support commands and depots are located at or near accessible ocean ports. Largest of the three major support commands is at Saigon where the 4th Transportation Command operates both the port at Saigon and a new port terminal 3½ miles downstream. Principal storage of material has been substantially transferred from crowded facilities in and around Saigon to Long Binh, which is approximately 25 miles north of Saigon.

Inventory management in South Vietnam is accomplished by the 14th Inventory Control Center. The 14th was initially formed at Fort Hood in September 1965, and arrived in Vietnam in December.

On arrival in South Vietnam, the 14th Inventory Control Center provided assistance to the depot operations at Cam Ranh Bay and Saigon, and in October 1966 was reassembled in Saigon, and began its mission of centralized stock control and supply management that same month.

The following October, the entire operation was relocated to Long Binh and large-scale computers installed to improve operational control and processing timeliness.

Mr. ROBACK. Can you tell us, General, what is the difference between a control center and a control point?

General HEISER. Sir, we use the term "control center" to cover those inventory management centers in our field operations. We generally restrict the inventory control point terminology to the national agencies, such as the national inventory control points which are part of our Inventory Command, I mean Commodity Commands, and DSA, for example, their various inventory control points.

So that it is more a question of national versus field structure organization.

Mr. ROBACK. Are there control points in theaters, overseas theaters?

General HEISER. Yes, sir.

Excuse me, sir, we do not use the term "inventory control point" overseas.

Mr. ROBACK. The wording "inventory control point" refers to a commodity management and control in the United States, CONUS?

General HEISER. Yes, sir; that is essentially correct.

Mr. ROBACK. Does the inventory control center, such as the one in Saigon, combine inventory control management and physical distribution of stocks?

General HEISER. From the viewpoint of paper directives, et cetera; yes, sir.

Now they are responsible for this in terms of operationally carrying it out——

Mr. ROBACK. That is the depot operation?

General HEISER. That is the depot operation.

Mr. ROBACK. That is not the control center?

General HEISER. No, sir; that is right. They direct the movement, sir.

Mr. ROBACK. Then let us recap the question.

What is the difference between a control center and a control point as far as function goes?

General HEISER. Sir, I would say the only difference is the scope of responsibility.

At the inventory control points in the CONUS in the United States, they are responsible Army-wide and in the terms of DSA, for example, they are responsible DOD-wide for certain commodities.

Mr. ROBACK. For a given segment of commodities?

General HEISER. Yes, sir.

Now, overseas they are responsible, generally speaking, an inventory control center is responsible for all commodities within that particular area of responsibility.

Mr. ROBACK. I see.

In other words, it is not distinguished by commodity classifications, but it combines all those commodity functions within that center for that particular theater?

General HEISER. Yes, sir.

However, I would like to indicate, sir, that within the inventory control center, in order to get proper management to the commodity, and that is basically what we are after is to keep the end item in the hands of troops operable, we have organizations we split down into commodity areas, so that commodities within an inventory control center will get special management by commodities, sir.

Mr. ROBACK. Is this center in Saigon of the nature of the quick reaction inventory control center that you were talking about?

General HEISER. Sir, it will do the same functions that the 14th ICC in Saigon at Long Binh, outside of Saigon. The quick reaction inventory control center will perform the same functions that the 14th ICC now performs.

Mr. ROBACK. It is of this nature of organization?

General HEISER. Yes, sir; that is right.

Mr. ROBACK. This is a prototype?

General HEISER. Yes, sir.

Mr. ROBACK. Or at least this is the experience upon which you are developing that concept?

General HEISER. Yes, sir. We are using that as well as the experience we had in other places, such as the 7th Army, where we had and still have, although it is being consolidated now, a 7th Army Inventory Control Center, and we have had this in operation now for many years, and we are using the experience gained at all of these, in addition to the standardization that we are now implementing, sir.

Mr. ROBACK. You may proceed.

General HEISER. To obtain the needed improved timeliness and essential management improvements, the card computer systems were converted to the large-scale computer. During this period the U.S. Army, Pacific, standard supply system was being developed to handle the complexities of the requisition edit and supply management processes. At the time of this buildup, this standard system was being tested and installed in the more stable environments in Korea, Okinawa, Japan, and Hawaii.

Mr. ROBACK. Excuse me for interrupting again, General, but these are important descriptive terms, and we want to be sure we understand them.

What is the Pacific standard supply system? Is it unique, is it the first such system, or is it the extension of other systems?

General HEISER. Sir, what it really is, the U.S. Army, Pacific, as with the rest of the Army, has been attempting since the early 1960's, and even prior to that time, with the beginning of the Army's use of card data, using cards instead of manual requisitions as a basis for supply, we have been striving from the early days to determine the appropriateness of computers in our supply system, and getting the best use out of computers, depending upon the state of the art, and also upon our ability to manage these computers and their processes.

What you see in the U.S. Army, Pacific, system is, I would say, an advance stage of this process that has been going on for some time.

The Pacific, unlike Europe, has subordinate commands based upon geographical separation, meaning Hawaii, Okinawa, Korea, and Japan; they had to have inventory control centers at each of these places, and what they wanted to do was to establish a standard system so that they could communicate one with another as well as with the headquarters in U.S. Army, Pacific, Hawaii.

As a result, they devised a system, based upon directives that were out and based upon the military standard system, including MILSTRIP and other military standard systems, in order that they would not have a hodge-podge of computer programs in each of their commands, but that they would have a standard system.

Mr. ROBACK. This is theater standard, so to speak?

General HEISER. Yes, sir; that is correct.

Mr. ROBACK. When you talk about a Pacific military standard system, you are talking about a standardization for the Pacific?

General HEISER. Yes, sir.

Mr. ROBACK. All right.

General HEISER. From October 1966 up to this time, information on depot inventories is recorded by the 14th Inventory Control Center and item demand histories maintained.

We are now talking about Vietnam proper, sir. Based on this data and other factors, requisitions are prepared to replenish depot stocks. Requisitions from using units for materiel are edited to determine availability of stock from the closest depot and then from other depots in South Vietnam.

Should one of the three depots be unable to supply the required material, the requisition is sent to continental United States for supply through the 2d Logistics Command on Okinawa where assets there that belong to the 14th Inventory Control Center, or are excess to the requirements of other Army elements assigned to Okinawa, are utilized to meet the requirement.

Mr. ROBACK. Let me anticipate some discussion later on and ask this question about the routing. This question was raised by the General Accounting Office witness yesterday about different layers of management.

The requisition goes to the continental United States through Okinawa. Why does it not go to the continental United States which would, let's say, have information on Okinawa.

General HEISER. Sir, actually your question is not far from our objective in terms of the 14th ICC placing a direct requisition on the continental United States in ICP's. In fact, as we go further, you will see that to some extent we are already doing this.

However, sir, I think it well to bring out at this point that while we had the objective of cutting out 2d Log Command it would be inefficient and uneconomical to do so at the present time, because of the number of requisitions that can still be filled out of the 2d Logistical Command, and the reason for this involves the support of the 2d Logistical Command for the U.S. forces in Vietnam.

In Vietnam we have a peculiar structure in that the land mass involved and the combat action involved would normally compare what is in-country to what might be called logistically at least a field army, and to back up a field army you would have a communications zone.

Now, the communications zone to a large extent would be the 2d Log Command in the case of the situation we have in the Pacific. The 2d Log Command is still responsible for providing certain support to the U.S. Army, Vietnam.

One of the things that they are now doing is, for example, when we have a problem in Vietnam that we cannot fully handle by the forces in there, such as, for example, the identification of boxes of material that have accumulated and they needed identification classification, and they are in the way in Vietnam, we evacuate these to Okinawa, 2d Logistical Command.

At this point they identify it and pick it up, most of which is serviceable, and we find, for example, that by requisitions continuing to go through 2d Log, we are able to fill a continuing significant amount, and to some extent it increases, depending upon how much more, how many more items are identified.

For example, 41 percent of the requisitions out of Vietnam in January, that is just one I have in my mind, 41 percent of those requisitions out of Vietnam were filled by 2d Logistical Command on those requisitions that went in. Now this is not normal. It is closer to 20, 25, 30 percent, but it does indicate the significance of passing these requisitions through 2d Log.

At some point in time, sir, it is the objective of the Army to cut this out.

Mr. ROBACK. So that Okinawa serves in a sense as a communications zone parallel to the communications zone in Europe.

General HEISER. To some extent; yes, sir.

Mr. ROBACK. In a sense?

General HEISER. Yes, sir.

Mr. LUMAN. May I ask this: General, would not the ideal objective be to treat Okinawa just as you do any of your depots in the States? If you had the communications capability to tax CONUS for all the equipment, and they could either go to one of the points in the States and tell them to ship or go to Okinawa and direct them to ship. If you had the communications, could you do this?

General HEISER. Sir, we could do this if we had the communications and we had the automatic data processing capability, and the management capability to back this up.

What I think we have to be careful about, both the present state of the art and the future state of the art, in terms of determining whether we can reduce ordinary ship time by handling a requisition at 2d Logistical Command as opposed to having a requisition come to CONUS and then have the NICP, who would have visibility at least of the stocks on Okinawa, prepare a material release order for a shipment from Okinawa.

At the present time, sir, I do not have any hesitancy in stating that I think we are doing the job better using 2d Log Command than we would if we placed those requisitions on the NICP's back home.

Mr. LUMAN. They have that visibility right now?

General HEISER. Sir, they have a limited visibility. This gets involved a little bit in a story of asset management. However, in answer to your question, we have over the last year been sending weekly transaction reports from the 2d Logistical Command to the NICP's in CONUS.

Mr. ROBACK. They have information copies, is that it?

General HEISER. No, sir. These were actually designed as a weekly summary to go to the NICP's. Actually, the Secretary of Defense wants to do just what you and I want to do, and we have a directive from the Secretary of Defense that said we would do this. We have done this.

The unfortunate part of it is, sir, that the state of the art is such and the volume of the work is such that, except on an exceptional basis, we are not using this weekly transaction report to the extent that we would like to use it, and this highlights the fact that while there are things we want to do, we are not at the level of the state of the art to do all those things we want to do right now.

Mr. LUMAN. You do occasion a delay with the present system of 3 to 5 days, do you not, by going through Okinawa in processing?

General HEISER. Yes, sir. There is a delay. Now that 2 to 5 days, of course, depends on the number of cycles we run in the equipment out in 2d Log Command. We can run a daily cycle there if need be.

In the case of requisition, replenishment requisition, and that is what I am talking about primarily, in case of a replenishment requisition, if we fill the requisition on the 2d Log Command, really a cycle of every other day, for example, and I mention this only because there is a thinking that indicates you have to have a daily cycle. I think we have to be a little careful. We can get uneconomical in terms of what we spend in ADP and to have a daily cycle, if you cannot react to that daily cycle in terms of shipping as immediately as you can do the ADP work, then you really have put too much money in your ADP, unless you want to put more money into people who actually pick and pack and ship.

Now, in terms of passing requisitions that cannot be filled on 2d Log; yes, sir, you do have a delay, depending upon the number of cycles you run, sir.

Mr. ROBACK. Does Red Ball run through Okinawa?

General HEISER. Well, sir, Red Ball runs two ways. Recognizing that Red Ball is a priority system to take an item off deadline that is a

combat-essential-type item, what we do is we send a requisition to the continental United States, and because we know we have these stocks in Okinawa, we send a duplicate to Okinawa.

Mr. ROBACK. The one that gets there first is used?

General HEISER. Yes, sir.

Mr. ROBACK. Both of them come?

General HEISER. Yes, sir.

Mr. ROBACK. You are sure you understood what I said there? That is, the equipment that gets there first is used.

General HEISER. The part that gets there first.

Mr. ROBACK. Both of them send, and the one that gets there first is used, and you said "Yes."

General HEISER. I beg your pardon, I did not get the one part. The part that gets there first is used; yes, sir. I did not get that last part.

Mr. ROBACK. The implication is that both ship to the requisition.

General HEISER. Sir, they both do ship to the requisition. And we think this is appropriate, because, recognizing what caused that requisition to start in the first place was an item that was deadlined for which they had no part.

Mr. ROBACK. I was being jocular but I see it is a serious situation.

General HEISER. It is.

Mr. ROBACK. Actually, both of them respond to the requisition, and the equipment that gets there first is used, and the other presumably is needed, so it will be used in due course?

General HEISER. It will avoid a Red Ball coming in the very next day perhaps, in many cases.

Mr. ROBACK. I did not understand how it worked.

General HEISER. You were right on the point, sir.

Mr. ROBACK. All right.

General HEISER. In support of Vietnam, the Army has gained much experience in the use of military standard systems in support of combat. As a result of this experience, the standard system has been developed to include effective control and management in support of inoperable equipment, and we were just talking Red Ball, which is an example, as well as to include weapons system management of highly operationally essential combat weapons systems.

For example, weapons system management for aircraft is configured with separate logistic management control through the Army Materiel Management Center of the 34th Transportation Group. Requisitions for aircraft, and I might add this, that we are talking about several thousand fixed- and rotary-wing aircraft, which is a large amount of aircraft, requisitions, and by the way, they are located at some 260 different locations, requisitions for aircraft, armament and avionics materiel are forwarded directly to the U.S. Army Aviation Command at St. Louis and special management is provided in this area of high-cost material and reparable components in a manner very similar to the Air Force system.

In fact, if we analyze this, it is practically identical, and in the case of our aircraft in the densities we are talking about, which are considerable, we are sending all our requisitions to one place for all systems, and there we have a breakout of systems based upon the type of the aircraft, and we manage it intensively therefrom.

Mr. ROBACK. Will you clarify this paragraph in this sense: that you are discussing the Army experience with standard systems, military standard systems in support of combat, but you are really discussing what is sometimes referred to as the stovepipe system.

General HEISER. Yes, sir.

Mr. ROBACK. Special systems that have been developed either because the supply system, the standard system does not accommodate itself, or because these particular items are of critical importance, or for some other reason?

General HEISER. Yes, sir.

In fact, Mr. Roback, you have covered it very well. This paragraph is meant to cover Red Ball and meant to cover intensive management, and intensive management particularly as demonstrated under the stovepipes that we have established.

The main reason we put this paragraph in here, sir, was to indicate that while it could be considered that we have set up special systems, recognizing that the organization and the procedures that we are using today have been combat-tested for the first time, we are not in our minds establishing special systems. We are implementing the standard system as it has to be done, in order to manage the equipment in the hands of troops, so that we do not consider that Red Ball in support of deadline equipment in a combat zone is a special system that is only for the time being. We think it is a necessary thing, and in reality MILSTRIP procedures call for issue group priority 1 to be handled in a certain length of time.

This is our experience in how can we issue priority group 1.

Mr. ROBACK. I see two contrary formulations.

Somewhat in the testimony yesterday the formulation was that special systems are devised because the general system is not fully adaptable. You are saying that the experience of the general system leads you to perfect it by special treatment of given categories.

General HEISER. Yes, sir; and we are taking a leaf—let's face it, on the stovepipe we are taking a leaf from the Air Force system, and we are using weapons system management which is in reality somewhat a replacement of the technical services management that occurred before the reorganization.

What we are saying is that you have to have a straight-line responsibility for the items in the hand of the combat soldier to be sure that he gets what he needs in terms of that item being operable in the combat zone.

Mr. ROBACK. Later on we will want to discuss why it is, then, that for certain kinds of items, high value items or critical items of a weapon system type, it is more appropriate or suitable for the Army Materiel Command to exert overseas control than it is for other secondary types of supply.

General HEISER. We can talk to this now, sir, or we can talk to it subsequently.

Mr. ROBACK. Let's talk to it now and later on you will probably cover some other aspect. If this is a refinement of a system, why is the Army Materiel Command suitable for overseas control of it and not of other supplies?

General HEISER. May I point out, sir, that the Army Materiel Command, and I am afraid we are going to perhaps get ahead of our

statement later on, so please excuse it, sir, but there is a misconception I believe to some extent in the authority and control the Army Materiel Command has outside the continental United States.

It is true that, commandwise, direct commandwise, they have no responsibility outside the United States in terms of commanding a particular installation or commanding personnel assigned to an overseas commander.

However, this is about the only dogmatic simple statement you can make, sir.

The Army Materiel Command, and we can supply for the record a listing of those things that the Army Materiel Command is responsible for, but the Army Materiel Command is responsible, basically at least, through technical channels of everything from birth to death of a piece of equipment, including the design of it in the beginning and including the testing of it and down through the distribution to troops, and finally the disposal of it at the end.

(The list referred to follows:)

The Army Materiel Command (AMC) and its national inventory control points have responsibility for worldwide management of all items under their jurisdiction. Although AMC does not have command authority over supply units overseas, it does exercise management influence over items in overseas depots in many ways. For example AMC writes most of the supply and maintenance regulations prescribing procedures to be followed and promulgating Army policy with respect to management of these supplies. Following are some specific responsibilities of AMC and the applicable regulations:

1. Conduct of supply control studies resulting in procurement of Army worldwide requirements, AR 710–45.
2. Designation of items to be reported on in the Army's asset reports, AR 711–5, AR 711–80, AR 711–140.
3. Designation of critical items and the responsibility and authority to redistribute these items, AR 710–50.
4. Computation of overseas mobilization reserve stockage levels.
5. Supply procedures for TOE and TDA units and activities, AR 735–35.
6. Supply procedures for direct support units (DSU's), AR 711–16.
7. Overall monitorship and reviewing authority for establishment and maintenance of operational projects, AR 725–65.
8. Develops worldwide policies and procedures regarding maintenance of class V supplies (ammunition) in overseas areas, AR 752–22.
9. Local purchase of civilian-type items, AR 715–30.
10. Determines the item manager and advises Army users worldwide of designated supply source of the item. Also identifies decentralized items for local procurement, AR 700–1, AR 700–3, AR 700–12.
11. Develops Army-wide procedures and criteria for disposal of property, AR 755 series.
12. Develops Army-wide procedures pertaining to support for international logistics programs, AR 795 series.
13. Develops Army-wide procedures and criteria for determining dry battery requirements, AR 730–8.
14. Operates the Army Packaging Board and develops packing, packaging, and marking criteria and procedures, AR 15–450, AR 700–15.
15. Develops and monitors Army-wide implementation of MILSTRIP procedures for implementation (requisitioning, issue, and receipt procedures). AMC has the same responsibilities for MILSTRAP (accounting), MILSTEP (evalution), and UMMIPS (priorities).
16. AMC has ownership and total responsibility and control over the 1,700-plus items included in the program for extension of AMC ownership of high dollar items overseas.
17. Assist DA in centralized control over worldwide depot maintenance program fully implemented July 1, 1968.

General Heiser. Now it is true that the overseas command has a responsibility, but included in this responsibility is the responsibility

for him to carry out the directives that emanate from the Army Materiel Command pertaining to supply, pertaining to maintenance, and pertaining to individual items of equipment.

I think that we should recognize this, because there is a certain feeling and it has been stated, and I would like to state it directly, that command prerogatives interfere with supply.

Sir, it is not the Army position. To the contrary, if command prerogatives, if we call it that, interfere with supply, they would be done away with. We do not think command prerogatives interfere with supply. We think that supply is a system based upon a structure which places responsibility at various levels of command, and it is through the coordination of these levels that this job is done.

Now as time goes on, and as we see that through centralization we can do a better job, because of the times, because of the tools, because of improved communications, improved ADP, et cetera, there is no hesitancy on the part of the U.S. Army to centralize.

However, sir, and this is my own statement, we are not going to centralize for centralization's sake.

For example, we can get into this more fully, but we are testing today, and it is in the statement, and I am kind of messing up this whole statement, but we are testing today the extension of ownership of certain particular items anywhere in the U.S. Army depot level and above, overseas included.

This is called AMC ownership plan test. This is now in operation. It began May 1. It covers some 1,700, at the last count almost 1,800, I think, items. These are being transferred from overseas commanders' ownership accounts to the responsibility and accountability of the commanding general of the Army Materiel Command.

This is going to be evaluated and, based upon this evaluation. several things can happen.

First of all, the number of items can be extended, depending upon what we find the capability of AMC to handle it. Of course it can be narrowed too, depending upon that same result, based upon the evaluation.

Further, there is a question of ownership versus visibility. We are in this test testing ownership, whether ownership is necessary or whether visibility is necessary is a question that will come out of this evaluation.

Mr. ROBACK. The visibility means that there is an accurate and known identification, let us say, of stocks, in an overseas theater?

If you know where it is and how much and of what type, then you have visibility?

General HEISER. Yes, sir.

Mr. ROBACK. And the question is whether, having that visibility, you can persuade a reluctant theater commander to let go of some of it, if you need it somewhere else?

General HEISER. Sir, there is more than persuasion involved.

Mr. ROBACK. I mean if you had control, that is if the Army Materiel Command had control, they could say "move it," and if they did not have control they would say, "You have too much of it. I hope you would see fit to move some of it to this other theater"?

General HEISER. Sir, you are using language that is not necessary today. I would like to talk to this point particularly.

There is also some indication that the Army does not have world wide control of assets today.

Mr. ROBACK. Let me interject, General, that I am not arguing.

General HEISER. No, sir; I know you are not.

Mr. ROBACK. The case for the Army Materiel Command.

General HEISER. Yes, sir.

Mr. ROBACK. We are trying to understand what is involved.

General HEISER. Please, I talk sincerely, that is all I am, sir. I am not arguing. I am sincere in this because we have some pretty significant points to get across, and I appreciate the opportunity of talking with you about them.

I would like to be sure that no one gets the notion that the assets of the U.S. Army are uncontrolled. There is a control. The fact that we have not extended AMC overseas to cover all of our assets within their command responsibility does not mean there is a lack of control.

First of all, there are two ways of doing control.

One is to extend AMC overseas, and everything that is over there is a part of their direct accountability and responsibility. The other is the one that the Army has used for many years and is changing as it appears appropriate in the best efforts of increasing the effectiveness and economy, and that is that we establish, under close control, the authority at each level for what they can have, both in terms of using and in terms of what they can stock, and then we make it a command responsibility at each of those levels to insure that they do this job properly.

Mr. ROBACK. In other words, you feel that the command prerogative can be reconciled with good management of overseas stocks by visibility, by the proper kind of equipment to handle the data, and by sufficient communications, and by whatever else is needed?

General HEISER. Yes, sir.

In fact, I might even say, Mr. Roback, that we hope to find out through tests whether we can depend better on reports that come back to the Army Materiel Command indicating what the asset situation is, and that they take direction then to order these things in proper distribution as opposed to what we are doing today and trying to perfect today in many parts of our system, which is depending upon that commander to carry out his responsibility, and if he has an authorization, and he does have, it is his responsibility to have what that authorization says he is authorized.

If he does not have it, he is required to requisition. If he has too much he is required to take appropriate disposition action.

Now there is a moot point here, sir, and we are not certain which is best. We are in the process of trying to determine that, sir.

I might add, sir, while we are talking about this, Mr. Roback, that in addition to the fact that there is a little perhaps misunderstanding of the Army's control, there is also a misunderstanding of the fact that there is no asset visibility today. There is asset visibility today. Perhaps not to the extent that is fully required, and perhaps not in terms of the periodic reporting that is required, based upon a capability that is increasing all the time in terms of ADP capability and communications capability. But please recognize that we have an asset reporting system today, and that we report on those items that the Army Materiel Command feels are most significant and that they can handle.

Now we report certain items quarterly, and we report certain items monthly, and some of these items are reported down to and including the field troop unit level.

In addition to this, we have an intensive management regulation, which came out earlier this year, on which we have been working for some time, which gives AMC the responsibility of saying that any particular item requires intensive management.

The field commander can contribute to this. This ties in with the critical items list that is involved in our hearing.

The field commander can contribute to this. At this point this regulation specifies that the Army Materiel Command can make worldwide redistribution within Army assets available, so that I point these out only because these are some of the items which indicate the fact that, first of all, AMC does not stop when you come to the waterline of continental United States; and, secondly, that there are procedures and controls today.

Now this does not question the fact that we can make improvements in this, and in fact we can justify the statement that says we are making improvements in this, including some other things we will talk about in the statement, sir.

Mr. ROBACK. Is an alternative to extending the control of AMC overseas pulling back of certain kinds of supply functions from the commanders to the United States?

General HEISER. That is a part of it; yes, sir.

Mr. ROBACK. Is that an alternative procedure?

General HEISER. Yes, sir.

In fact, right along that line, sir, one of the things we did, I might say over my objection as the man in the field at that time, was that we pulled back the requirements computation for the overseas reserve stockage from the overseas command to the Army Materiel Command.

The Army Materiel Command today is responsible for determining the requirements for war reserves in overseas theater.

I happened to be in the European theater at that time, and I felt very strongly that this was incorrect. I have now changed seats, and you change points of view. I now have a better reaction to this.

However, I still recognize that there are some fallacies in here that require close coordination, because the minute you centralize, you have to be careful that the man on the ground has a capability of reacting to the centralized kind of directive that takes place in terms of determination of requirements.

Mr. ROBACK. Since you were in the European theater, the communications zone activities—right?

General HEISER. Yes, sir.

Mr. ROBACK. Can you give us at this point an overview of what changes are taking place in the U.S. supply concept and disposition in Europe?

General HEISER. Yes, sir.

Mr. ROBACK. As it affects the communications zone and anything else of relevance to our discussion.

General HEISER. Sir, first of all, recognizing that there are limits in terms of military and civilian resources available to us, particularly in overseas theaters not directly involved in combat, and included in this are the various implications of flow of gold, the U.S. Army, Europe,

today is attempting to maintain readiness, and at the same time to reduce the costs of that combat readiness.

As one of the means of doing this, they have reorganized their structure. As you know, they have combined the 7th Army and the U.S. Army, Europe Command, maintaining each of the headquarters separately in terms of an ability to react to contingencies.

In addition, in the logistics area, which I would like to talk directly to, and may I ask a question concerning classification. Are we getting into the classification area?

Colonel TUMLINSON. Not yet.

General HEISER. OK.

We are today consolidating the 7th Army Inventory Control Center with the supply and maintenance agency of the communications zone, which in reality was the inventory control center in the terms we are talking for the communications zone.

Today we are consolidating these and making one inventory control center out of it. We have further taken action to draw down stocks in the general support level, meaning what we would call, sir, field Army depots. We are going to exhaust these field Army depots and use communication zone depots directly.

Mr. ROBACK. You are going to attrite them out?

General HEISER. Attrite out the field Army depot.

Sir, I think we should recognize that part of this is possible only because we had to draw up our line of communication, move out of France, for example, into Germany, and as a result the depots we now have in the communications zone are now in Germany, and it just does not make sense at the present moment to have a communications zone depot and across the street from this depot have a field depot of the 7th U.S. Army. And so it just does not make sense and so this is what is happening today.

In addition to this, we have established at a lower level a capability, I should say we will establish at a lower level a capability to perform management of inventory at each of the corps levels. In other words, the two corps over there will have a capability, a computer that will go along with this capability for management purposes. They will not receive requisitions, et cetera. They will be primarily there to assist in management, but not interfere in the processing of requisitions et cetera.

Now, sir, I must say that this is a necessary thing, and considered acceptable by the Department of Defense under the present circumstances. [Deleted.]

We have had, as you already know, certain problems in improving management of our three depots in Vietnam. One of the reasons for these problems is that the three depots in Vietnam were doing a high degree of retail work as well as wholesale work. They were dealing with individual customers to the extent, for example, that Saigon at one time was dealing directly with 700 individual customers, which means that they were doing retail distribution as opposed to wholesale distribution for which a depot is designed. [Deleted.]

However, sir, this is what I need to point out:

We had rather fixed installations in the field Army in Europe, because we were too fixed in position in our peacetime posture over there.

[Deleted.]
So I would like to be sure that is understood.
Mr. ROBACK. Thank you.
General HEISER. With this brief history in mind, the tremendous buildup of logistic support in South Vietnam over the last 3 years can be appreciated. At the same time, it was the continuous mission of the Army to assure combat readiness through effective logistic support of forces in Korean, Europe, the United, and elsewhere.

SPECIAL EFFORTS IN PROCESS OR PLANNED TO IMPROVE LOGISTIC OPERATIONS

The Army is aware of the problems of supply responsiveness and the need for improved management for supplies. We agree that certain management improvement steps are necessary in the three areas enumerated by General Accounting Office; that is, worldwide control over inventories, supply discipline, and standardization, and simplification of supply systems.
With respect to General Accounting Office recommendations contained in the January draft report on improved management for Army supplies in Vietnam, the Army has recognized the need for logistic commands manned by trained military personnel and moved out to activate a quick reaction inventory control center in an operation status in continental United States by the end of the second quarter fiscal year 1969, emphasizing the return of reparable items and challenged high priority requisitions.
Mr. ROBACK. You are not saying that you have a challenge system now, are you?
General HEISER. Sir, we have a challenge system to this extent, sir, and we are looking further into this. In fact, I might add that a direct contribution of the committee was made, you might want to consider it that, yesterday, in that there was discussion here between the GAO and the committee concerning challenging, and it seemed to be the general consensus, which we certainly support, that a challenge of an item that is necessary to remove a piece of combat essential equipment from deadline does not allow challenge, that you have to try and get this as quickly as you can.
However, it was brought out that there are items that are not combat essential, and why can they not be challenged, and as a result of this, sir, we took action immediately after your meeting yesterday to get this out to the field and find out why this is not so, why we cannot do more of a challenge of nonessential combat-type equipment.
In line with this, sir, to a certain extent this has already been done, Mr. Roback. We have directives which we can produce for the committee as you may require, Mr. Chairman, that indicate that in certain particular Federal classes, we will not just forward the requisition. They will be challenged in terms, for example, of furniture and canteen type equipment, such as kitchen equipment for the bases, and this kind of thing.
In addition to this, sir, we really have a challenge at the unit level.
Now the question of challenge involves a question of discipline concerning the guy that does the challenging, and in an Army unit, the basic unit that starts the requisition, there is and has been on the

books for some time a requirement that the unit commander or his designated representative in writing review the appropriateness or propriety of every issue 1 and 2 requisition.

This is in Army Regulation 735–35. There is a challenge at that point. The question is, How good is the challenge?

Mr. ROBACK. Whether the company commander is in cahoots with the supply sergeant.

General HEISER. Yes, sir; or maybe the other way around, and of course it really depends on the commander's point of view at that level.

Also, at the inventory control center, sir, as we have said and, by the way, as is being done in the 14th Inventory Control Center, there is a challenge to some extent.

Now there is not, as I said, a challenge of, for example, a Red Ball requisition, which as I would say, I would liken it to issue group priority group 1, there is no challenge of a Red Ball requisition at the 14th ICC, once it arrives, if it is for a combat piece of equipment.

The reference of the GAO yesterday to some items that are not combat essential, these slip through, sir, and I must admit this was an error, and these things will occur, in a number of items we are talking about, sir, because we are talking about 400,000 items that are Army managed.

And in addition to that, there are some 800,000 items we use that are managed by other people, meaning 1.2 million items, and within this 1.2, and within the tonnages that we have already talked about, yes, sir, there are some errors.

Now further, back in the United States we have a certain challenge based upon the amount that is in a particular requisition, and the NICP will go back and ask questions about this and, even further, we have a challenge of what we call the Logistic Control Office, Pacific, which is in San Francisco, where any air shipment over 1,000 pounds is challenged directly with the 1st Logistical Command in Vietnam.

Therefore, sir, it is entirely probably that we can improve this without any question, but I think, sir, that we have a challenge system, beginning at the highest levels, the Chief of Staff, the Secretary of Army, and right down to the lowest level of command, we have command maintenance management inspections that are made of every unit in the U.S. Army, including Vietnam periodically, and one of the specific requirements for these inspectors from the higher headquarters is to examine to determine are they missing the priority system.

And further, the Inspector General, throughout the chain of command from the Inspector General, U.S. Army, down, also has this as a requirement.

The Army Audit Agency has this as a requirement, and each commander in the field at every level has the requirement for the command below him.

It is not perfect, but sir, it is working, and working much better than I would say ever before.

For example, at one time we had high priority requisitions emanating out of Vietnam over 80 percent. The Army Audit Agency, who looked into this in December and January of this year, found—I beg your pardon, we found as a result of the Army Audit Agency report,

and previous GAO reports in our followup, that this has been reduced as of that December–January sample to 29.9 percent.

I would also indicate, sir, and I am not making any kind of comparisons, each of the services have their own problems, and from my viewpoint at the redistribution and utilization level of project coordinator for all services under the Secretary of Defense, I will just say this, sir, as an example:

If you look at the records of the Defense Supply Agency, you will find that the U.S. Army is using lower priority requisitions for the items supplied by DSA and GSA, I would say GSA for certain, than any other part of the Department of Defense.

My point is, sir, that we need to improve but we think we are improving, and we think we have a system for doing it. We think further, as I indicated earlier, we are willing to move out and try to do something better about it, including the wire that went out last night to Vietnam asking them why can we not put a block in the piece of equipment, in the machine, on certain types of noncombat essential items, to be sure that a challenge has been made.

Mr. ROBACK. Can I draw this interpretation from your remark? This is not a general but a specific one, that since the Army, compared with the Air Force, transports much less of its cargo by air, the opportunities for transporting nonairworthy cargo might lie more in the Air Force, let us say, than in the Army?

General HEISER. No, sir.

Mr. ROBACK. You are not saying anything like that?

General HEISER. I am not inferring that at all because I have no knowledge of that, Mr. Roback.

Mr. ROBACK. Well, you challenge over 1,000-pound shipments.

General HEISER. Yes, sir.

Mr. ROBACK. Compared to Army transport, Air Force transport must be seven times as much; that is, in terms of the proportion of their cargo transported by air. I would guess the Air Force transports 70 or 80 percent by air and the Army maybe 20 or 30.

I am just taking these figures out of the air.

General HEISER. May I be very factual with you?

Mr. ROBACK. I hope you always will be factual.

General HEISER. Yes, sir. But I want to be sure that it is recognized that I talk representing the Army, but I also have had the opportunity of looking broader, thank goodness.

Let's go to the support of our aircraft. In the support of aircraft, we are dealing to a large extent with high-dollar-value kinds of items, engines that cost upwards of $60,000 apiece. We tend to think in terms of transport by air, in terms of criticality. We are trying to throw into this not only criticality, but economics of the situation; and, in terms of the Army and the Air Force, I would like to indicate that we are finding that in terms of support of aircraft, which is certainly among the most highly operationally essential weapons systems we have in the Army, and in turn of course the Air Force, we are finding that the transport by air in the last analysis, sir, may be the most economical and also the most effective; which means that we may find that in certain categories of mission-essential type equipment, that it is in the best interests of the United States to use higher priority requisi-

tions than we would normally use for those items of equipment that are less mission-essential, or that are of higher density in the field.

What I am saying really is that it is far more significant today to have a HUEY helicopter down for a part than it is to have a truck down for a part; and, therefore, in making these considerations, both criticality and economics, we are finding that in the support of our aircraft we tend to do more by air.

Mr. ROBACK. You are also saying that criticality is not necessarily a factor in airworthiness in this sense——

General HEISER. Yes, sir.

Mr. ROBACK. That even items that are not very critical or not very sensitive might be more economically transported by air because you would not have all the pipelines and storage?

General HEISER. Exactly.

Mr. ROBACK. So you could not necessarily measure the economics of airworthiness by the invoice cost for the transportation, so to speak?

General HEISER. Exactly, sir.

Mr. ROBACK. Are you saying that as part of your remarks?

General HEISER. Yes, sir.

In fact, that is really what I intended to say pertaining to the economics as opposed to the criticality.

And I might say that in the past we have, in placing our requirements on the Air Force for air transportation, we have tended more or less to deal with criticality. We now have a study in being—and again I am getting a little bit ahead of myself, but it is pertinent to your point—we have a study in being that is exploring fully this whole avenue of economics of materiel being air transported, both now as well as in the days of the C–5A.

Mr. ROBACK. Is this a study in the time frame of the C–5A?

General HEISER. As one of the remote objectives; yes, sir.

Mr. ROBACK. As I recall, your statement has a 1970–75 time frame. Is that the time of the C–5A?

General HEISER. Sir, it does have that; but it also has immediate application in that we have by Federal stock numbers specific items that this study has indicated are definitely candidates for air transportation now, and we have furnished those Federal stock numbers again to show AMC's importance.

We furnished those Federal stock numbers for the Army Materiel Command to determine and place requirements for air transportation as appears appropriate to handle these particular items right now in support of South Vietnam and the rest of the Army, sir.

Mr. LUMAN. Could I ask one thing?

General, you indicated in your discussion of safeguards on high priority requisitions that the unit commander has to review the requirements. The fact that you have your IG and CMI inspections shows somewhat of a check on this command, but do you not think the unit commander is torn between two desires: No. 1, to obey the law as far as his requisitions and equipment are concerned and No. 2, to make sure his unit is supplied? Isn't there a tendency perhaps to upgrade the priority?

The GAO report indicated some of those errors you mention were not errors exactly. The man was directed to put it in. What in your

system do you have to check on this commander other than an annual inspection, let's say?

General HEISER. Sir, it is more than an annual inspection. We have teams that are hitting them periodically. I did not mention all the teams.

For example, in Vietnam we have teams that go out of Headquarters, U.S. Army, Vietnam, that go out and look at these things on a continuous basis, round-robinwise. The last I heard they had about 10 of these teams.

General JONES. We have teams at each support base.

General HEISER. Almost every command has these kinds of people going around examining this. Now it involves judgment. The unit commander wants to keep his tank, for example, operational, there is no question about that. But if he needs a glass, and I do not say wineglass, however, a wineglass at a certain location such as a depot, a shot glass as it is commonly called can be pertinent at a hospital. And so it is tough to exclude any particular item.

A refrigerator for an officer's quarters is questionable high priority, but a refrigerator to store medicines or a refrigerator to store batteries is certainly not questionable.

Now more directly to your question, the unit commander has to use his judgment.

Mr. LUMAN. I am just wondering, though. I did not want to interpret your statement to mean that the Army feels since the man is a unit commander, you know, his judgment in supply matters is pretty much unchallenged.

General HEISER. No, sir.

Mr. LUMAN. Because he happens to be a commander.

General HEISER. It is not supreme, sir, but we do, based upon what he knows is in the regulations and in his training for carrying out the regulations before he ever gets into the command slot, we do expect him to carry out his responsibility and we inspect him on the basis upon which he carries it out. I think we have to basically approach it this way.

Mr. HOLIFIELD. I think you have to place that responsibility there. Of course the way he discharges it also goes into his record.

General HEISER. Yes, sir; and it also determines how long——

Mr. HOLIFIELD. You do have the inspection teams, as you say?

General HEISER. Yes, sir.

Mr. HOLIFIELD. That go in, and if they give a series of bad reports on him, why it is part of his record?

General HEISER. And it is more than that. It determines how long a tenure he has in this job, sir.

Mr. HOLIFIELD. This is one of the things that we want to try to find out, the difference between a technical management of inventory and the practical need to have the articles where they are, whether they are accounted for back here in Washington or not in a central inventory?

General HEISER. That is right, sir.

Mr. HOLIFIELD. And I can see where a combat group moving fast might lose track of equipment from the standpoint of a recorded inventory at a specific location, but you would still have the inventory available for utilization.

General HEISER. Mr. Chairman, today, sir, at the national inventory control point, let's assume for the moment that a particular item comes up, what we call a supply control study, to determine, in other words, on the computer it is shown that this item now needs a new buy because we have exhausted our supplies down to what we call a reorder point.

At this point in time, this manager has certain information available to him. Depending on the date on the calendar, it may not be as timely as we think it should be. In fact, I will state that it is not as timely as we would like it to be because we would like it to be real time just exactly worldwide. What is the situation on this item?

However, we do have available to him information of what is the latest data that was available at the time the report came in. Now this is where ADP comes in, and this is where the importance of sufficient management know-how available to handle what ADP brings in is.

Under the Secretary of Defense directive, we are trying very hard to come up with transaction reporting on some 140 different types of Army materiel in the field. In order to do this, we are attempting to get a transaction report of sufficient reliability to utilize this in terms of management.

Mr. HOLIFIELD. What do you mean by transaction report?

General HEISER. What we mean, Mr. Chairman, is that, for example, let's take a tank in the hands of a tank company in a division in Vietnam. That tank can be knocked out by enemy mines.

We would, by a transaction report, ADP card being reported in from the nearest ADP transceiver in Vietnam, that card could go into a location here in the United States, indicating that we have one less tank than we thought we had a few minutes ago.

This would then provide, and this is an example simplified, the man who has to determine the requirements of a buy for tanks the knowledge that his assets are one less than it was before this report came in.

Now to the extent that we can, we are trying to determine what can we do in terms of achieving this kind of transaction reporting. We are getting in reports now at the Data Center in Kentucky.

We have to evaluate this to determine can we get it in in reliable fashion, and we think probably this might be one of the less complex parts of the problem, because once we get it in, we then have to determine can we utilize this management data.

Sir, one of our very serious problems in this regard is that the computers can give us much data. Probably the biggest part of the management problem is to determine what do you need that a computer can give you that you can manage.

And as they say in the artillery, sometimes you fire short. I should turn this over to General Jones who is an artillery man. Sometimes you fire short and you adjust and you fire long and then finally you hit the target the third time. To some extent that is what we are doing. We were firing short without the use of some computers and standardized systems.

Now we are going in and trying to see what we can do, and we have to adjust in order to determine what is a balanced management approach to the use of systems and tools that go with it, sir, and that is what we are in the process of in almost every area.

I think we have recited many of them already this morning, sir.

Mr. HOLIFIELD. How do you explain the apparent criticism of the GAO in regard to rating the Army considerably below the Navy and the Air Force in their inventory and management accountability?

As I understand their reports, they did rate you lower, and there must be some basis for the charge. I would suppose that they would be doing it earnestly and with conviction.

General HEISER. Yes, sir.

Mr. HOLIFIELD. But I would like to have your explanation as to this.

Do you accept that charge, and if so, is there any reason, logistical reason, why it has to be that way?

General HEISER. Mr. Chairman, I would like to be excused, sir, because really of lack of knowledge, sufficient knowledge to make a comparison between the three services or the four services, counting our friends the Marines.

But I would like to reply to your question as honestly as I know how.

The first difference is volume, Mr. Chairman. The U.S. Army is involved in considerable volume. Basically, it starts with the number of troops we support. And included in these numbers of troops are not just the total figures of the U.S. Army, but the allied forces involved as well, sir.

Volume leads, sir, to the fact that you can make more errors just again because of volume, sir, and therefore I honestly believe that the GAO just on logic alone is probably correct in that they could probably find more errors in the Army than the other services.

The difference will be degree, however, sir. My limited knowledge would indicate that we all to some extent, sir, have the same kinds of management problems.

Now I will admit that the Air Force, for example, has done a terrific job in standardizing ADP and the use of it at their bases.

I might say, sir——

Mr. HOLIFIELD. How does this volume of tonnage and numbers of units, how does it compare with yours?

General HEISER. Sir, I honestly cannot answer this except again I am now in the Air Force area, but to try to be responsive, sir, I believe they have some 32 airbases in support of Southeast Asia, all of which are not of course in the particular area.

Now this also involves some problems, sir.

What we are talking about in Vietnam is stuff on the ground in Vietnam, in terms of Vietnam itself. This is somewhat different from the other services who to a limited extent are in Vietnam, but to a greater extent are outside Vietnam, either on the water or in permanent bases for which they are able to carry out the support of the combat in Vietnam.

Now this does not say there is anything wrong with this. This simply says there is a different condition.

As I indicated just comparing aircraft, sir, we have our helicopters based in 250 different places in volume in Vietnam, so that I do not mean to make odious comparisons. I do not know that they are odious. In fact, as a man who has tried to watch closely and learn something, I admire what the Air Force has done.

Mr. HOLIFIELD. I am seeking in my own mind, not from the standpoint of excusing but from the standpoint of understanding——

General HEISER. Yes, sir.

Mr. HOLIFIELD (continuing). To compare the differences in the problems that are involved. I can see where a ship is a rigid, you might say a rigid, entity.

General HEISER. Yes, sir.

Mr. HOLIFIELD. Self-contained. It has everything right there and you can count it, and as it moves everything moves with it.

General HEISER. And they do not have much room, sir.

Mr. HOLIFIELD. There is very little attrition, or let us say destruction unless the ship itself is destroyed.

General HEISER. Yes, sir.

Mr. HOLIFIELD. But where you have masses of troops moving and taking equipment with them and subjecting it to the hazards of continuous destruction, I can see where the physical job of maintaining inventory would be much greater and much more difficult.

General HEISER. And that is part of your answer, Mr. Chairman.

Mr. HOLIFIELD. And particularly when you get into smaller items, like rifles and things which can disappear pretty easily by theft, loss or destruction, it would seem to me that the job of maintaining an accurate inventory would be almost impossible.

General HEISER. Yes, sir.

Mr. ROBACK. General Heiser probably would want to add, I do not want to testify for him but maybe he would want to add, that they also have to do a lot of dirty work for the Air Force in the way of supplying things, so the Air Force can have a cleaner supply operation of its own; is that right?

General HEISER. Sir, I appreciate your assistance.

Mr. HOLIFIELD. I think it is all right for him to testify. I just got through testifying.

General HEISER. Sir, we appreciate this contribution by the chairman and all.

Mr. ROBACK. This is by way of a question in the light of the chairman's question about comparative volume: Is it not a fact that you have responsibilities for supplying the other services with considerable volume?

General HEISER. Considerable volume, yes, sir.

However, I must admit, sir, that at the present time we do not do too much in the way of repair parts, which again to a large extent, what we are really talking about in terms of the problem is the problem of repair parts. There are a number of repair parts that we have to support to keep equipment going.

I think it fair to say that like we do in our aircraft, which is a highly important system, we are paying very intensive management care to this particular kind of item. So does the Air Force.

I think that we have a certain degree of management that we can give to a certain level of items. At some point in time you have to depend upon not the eyeballing by a human being but you have to depend upon equipment, and this is where of course the problem of machines comes in and programing and program design.

(Off the record.)

Mr. HOLIFIELD. Let's proceed now.

General HEISER. Examples of short-term management improvement programs designed to achieve better worldwide control over inventories are:

Army Materiel Command ownership and accountability of approximately 1,700 high-dollar value secondary items in overseas depots was placed in effect on 1 May 1968.

In March 1969 this procedure will be evaluated to determine whether it should be expanded to include additional items.

The Department of the Army Distribution and Allocation Committee has been established since 1965 to provide central control and management of major items of equipment based upon worldwide asset data.

Further procedural changes are in process to improve upon the accuracy of asset reports and asset data. Major efforts are underway to improve and automate the Army's authorization and related asset reporting system, thus providing the base for responsive and accurate equipment distribution planning studies.

From Army units, both Regular and Reserves, we receive asset data on approximately 12,000 Federal stock numbered items. The accuracy of this asset data has shown significant improvement in the past 3 years, and has increased from 78 percent in 1965 to 94 percent in 1968.

One of the major efforts underway is the Stanford Research Institute proposal for the development of an integrated logistics management information system which is planned for the 1970–75 time frame. And I might add, as they bring out things that can be tested and proven, we will implement them.

This long-range goal, when implemented, will result in vast improvement in the asset reporting system. In the interim, an internal study is being conducted to determine and implement the shorter range requirements for improvements in the asset reporting system, some of which we have already discussed.

In addition to aircraft items and aircraft maintenance mentioned earlier, weapons system management programs are in operation. Weapons system management provides for continental U.S. inventory control points and major commander application of specific management criteria to critical items in order to assure the most effective and economical supply posture. Those weapons systems and major items are:

Hawk missile system
Herc missile system
Pershing missile system
M102 105 mm. howitzer (towed) ADH
M107 175 mm. gun (SP)
M108 105 mm. howitzer (SP)
M109 155 mm. howitzer (SP)
M123A1 155 mm. howitzer (towed)
M110 8-inch howitzer

Fire control systems for the five preceding weapons:
M41A3 twin 40 mm. artillery AW(SP)
M88 tank recovery vehicle (FT)
M113 armored personnel carrier
M48A3 medium tank

M48A2C medium tank
M578 light armored recovery vehicle
All aircraft

Supply discipline has been emphasized and additional steps taken to provide needed improvements where we believe this added effort will result in more effective and efficient operations.

For example, a program referred to as the closed loop program is in operation to achieve greater control over recovery and repair of selected reparable items. We have approximately 160 different types of equipment controlled under a closed loop, which is in reality an elongated direct exchange, meaning that in Vietnam they have a certain authorization.

Until they send one out for repair, they do not get another one in, and the system itself puts discipline into this kind of thing.

I might say, sir, this is a real step forward in terms of combat support. In certain items which we could supply for the record, we are now overhauling and returning to the theater in 1968 and 1969 more of these types of equipment than we are buying new, and this, sir, is a real step forward in terms of efficient logistical support.

These items are normally repaired and returned to the supply system in lieu of new procurements. By requiring a reparable item to be turned in to obtain a serviceable item, a basic motivation for supply discipline is initiated.

In the area of excess materiel, the Department of Defense program for utilization and redistribution of materiel in the Pacific area has been implemented with the Army acting as executive agent. The purpose of the program is to reduce excesses and avoid unnecessary surpluses upon cessation of hostilities in Vietnam.

Mr. ROBACK. You will supply the terms of reference on that agency, will you?

General HEISER. Yes, sir.

(The information referred to follows:)

THE SECRETARY OF DEFENSE,
Washington, D.C. November 24, 1967.

Memorandum for Secretaries of the Military Departments; Chairman, Joint Chiefs of Staff; Assistant Secretaries of Defense; Directors of Defense Agencies.

Subject: Utilization and redistribution of excess materiel in the Pacific area.

General Westmoreland has reported that the logistic buildup in Southeast Asia has now been virtually completed, and that never before in our history have military forces been so effectively supported. The Military Departments, the Defense Agencies, and all commands concerned are deserving of the highest commendation for this superb achievement. This buildup has required since 1965:

The transportation to Vietnam, a distance of 10,000 miles, of over 1 million men and almost 8 million short tons of ammunition, supplies and equipment.

The construction in Vietnam of a complete logistical base which includes personnel facilities for a force of 525,000 men, 6 new deep draft ports, 88 airfields, and over 12 million square feet of covered storage space, in which are stored about 300,000 different items of supply.

General Westmoreland has placed increasing emphasis during the past year on the importance of prudent and economical management of these resources. He wants to maintain not only the most responsive logistic support base in our history, but also the best managed.

I fully endorse this objective. The aftermath of past conflicts has been the accumulation of huge surpluses, which because of deterioration and obsolescence

have had little salvage value. Following Korea, for example, we were left with $12 billion of such excesses. I am determined that this will not happen in Vietnam.

The speed and magnitude of the Vietnam buildup has unavoidably resulted in the accumulation of some imbalances and excesses in inventories. We will begin immediately to redistribute these excesses so as to assure their application against approved military requirements elsewhere in the military supply system. By doing so we can avoid the inefficiencies and waste experienced in the past. To this end the following steps will be taken, effective at once:

First, the Secretary of Army is designated Executive Agent for the Department of Defense to assure that SEA excess material of all Services is promptly identified and made available for redistribution. A General Officer will be designated the Project Coordinator.

Second, the Commander-in-Chief, Pacific, will establish a special agency to (1) maintain an inventory of excess materiel identified in the Pacific area, (2) supervise redistribution or disposal of such material within his area, and (3) report the availability of materiel which cannot be utilized in the Pacific area to other Defense activities, in accordance with procedures developed by the Project Coordinator. This Agency will be known as the "Pacific Utilization and Redistribution Agency."

By February 1, 1968, I desire to receive the Secretary of Army's plan for the implementation of the Project, and CINCPAC's plan for the organization and operation of the Pacific Utilization and Redistribution Agency. Each month thereafter, I would like to receive a report on the excess materiel identified and on the reutilization accomplished.

ROBERT S. MCNAMARA.

General HEISER. The program provides for continuous inventory of stocks, analysis of requirements and redistribution of excesses to fill valid requirements of the Army and other services.

I might also add that this is certainly an innovation, and that we have tried to redirect supplies between services at the national level in CONUS, but we have never in the field tried to do it in a combat area. It began with the Air Force and the Army and to some limited extent the Navy in Europe, in a program over there, and we have progressed from that to this program in the Pacific area, and we look for maximum economic results out of this.

Mr. DAHLIN. Is this program back on schedule now? Was it kind of disrupted there for a while?

General HEISER. No, sir; not really disrupted.

We began to set up the system using the system in Europe developed by the Air Force where they are the DOD executive agent, as I say. The plan was approved in March, and we are progressing. We have been progressing from that point. We have a computer on Okinawa that is handling this.

Mr. ROBACK. With the terms of reference, you might supply a little narrative of what you have been able to do to date with it.

General HEISER. We will, sir.

(The information requested follows:)

The project for the utilization and redistribution of materiel in the Pacific area (PURM) was established by direction of the Secretary of Defense on Nov. 24, 1967. The purpose of the project is to identify excesses and imbalances which unavoidably resulted from the speed and magnitude of the logistical buildup in Vietnam, and redistribute these excesses to assure their application against valid requirements elsewhere in the DOD supply system. In the memorandum directing the project, the Secretary of Defense designated the Secretary of the Army as the executive agent for DOD; instructed CINCPAC to establish a special agency to supervise the redistribution of excess materiel in the Pacific, and directed that a general officer be appointed as the project coordinator for DOD. The Commanding General, 2d Logistical Command, Okinawa, was given the responsibility for the establishment and operation of the special agency which

is known as the PACOM Utilization and Redistribution Agency (PURA). Maj. Gen. Joseph M. Heiser, Jr., ADCSLOG (S. & M.), was appointed as the project coordinator for DOD.

The plan for implementation of the project was completed on January 29, 1968 and approved by the Office, Secretary of Defense on March 1, 1968. On March 8, 1968 the plan was implemented on a limited basis using Army-owned DSA/GSA excess items valued at $37.8 million. During the months of April and May 1968, the Army-owned excesses were screened against requirements of the other military services in the Pacific area. The initial screening resulted in filling requirements of the USAF, USN, and USMC valued at $1.4 million.

On April 15, 1968 each PACOM component command reported its' initial increment of excesses to PURA for screening against PACOM-wide requirements. Total excesses reported by all services are valued at $50.6 million. Excess listings were prepared by the agency (PURA) and distributed to the PACOM component commands for screening against valid requirements. The screening process has been completed and requirements are being placed against the excesses. The final results of the screening are being tabulated at this time.

The concept of the project requires each military service in the Pacific to perform inventories, reconcile dues-in and dues-out, update requisitioning objectives, identify excesses beyond service requirements, and, on a monthly basis report the excess to PURA for screening on an interservice basis. The project provides for interservice utilization of excesses within the geographical area of the Pacific Command which did not heretofore exist. Supplies found to be in excess of the needs of all services in the Pacific area are reported to the respective CONUS inventory managers for further screening on a worldwide basis and final disposition.

The activities of the PURA as of this time have been on a limited scale using an unsophisticated type operation. The agency is presently going into a fully computerized operation which will provide a much greater capability and be more responsive to service needs in processing excesses for redistribution. The PURA test results indicate that the project is sound and will result in substantial savings and better utilization of materiel identified as excess in the Pacific area.

General HEISER. On another subject, Project Counter is a program for providing trained assistance teams on a temporary basis to assist commanders in the Pacific in accomplishing essential supply tasks that are beyond their current capabilities. Over 1,000 persons are now in Vietnam on this and other similar assistance teams.

I might indicate that this is also where the Army Materiel Command is essential. In fact, the 1,000 is a minimum figure, sir. It is closer to 2,000 that come from AMC.

A special program of reconciliation of requisitions for supplies and equipment in Vietnam and cancellation of requisitions for items no longer required has resulted in cancellations of over 124,000 requisitions since January 1968 on depots located in South Vietnam. The reconciliation of customer back orders at the Army Materiel Command as of February 29, 1968, resulted in cancellation of over 22,000 requisitions valued at $122 million.

With the establishment of the 14th Inventory Control Center in Vietnam, stocks of all three major depots can be managed simultaneously. By applying assets in one depot against requirements at another, cancellations of many outstanding requisitions on continental United States supply sources could be submitted. A total of $283 million worth of cancellations were requested from July 1967 through April 1968.

I would caution the use of that figure without recognizing, however, that there is a dynamic problem here, and that is that we cancel a requisition from the year level. By the time it gets back to the national inventory control point, there is a certain passage of time through which the dynamics of supply have been taking place. As a result, many of the cancellations are attempted only to find that they may

have been shipped or they may be in transit, so that we do have this kind of a problem following this through.

Retail customers of the 506th Depot in Vietnam were reduced from 700 to only 61, of which 16 are from other services. We are progressing this way in other depots.

Procedures have been established to automatically challenge air shipments weighing over 1,000 pounds. This system has resulted in a sizable reduction in unnecessary use of priority transportation.

I might add that in addition to this, the Air Force assists us in this regard, in that technically our challenge of 1,000 pounds and up is really what we call a validation. The Air Force likewise challenges before they ship, so that we have another challenge on top of that, in assisting us to keep from shipping stuff air transport that is not really required.

The procedures for computation of quantities of supplies necessary to be placed on order to allow for order and shipping times to Vietnam have been changed to reflect actual times for groups of items rather than an average time for all items. This change, when fully implemented, will result in a reduction of 16 days of pipeline.

This is, therefore, in the millions of dollars.

The situation in South Vietnam is dynamic and the logistics system must continuously respond to changing combat operations. We continually review this matter and, as an example, a conference was held this month with the 14th Inventory Control Center personnel and appropriate supply agencies here in CONUS to cut off flow of nonessential materiel to Vietnam because of changing tactical environment.

For example, there is a base camp program that has been approved that is now being cut back because of various things pertaining to base camps which indicate that in the judgment of the commanders there they feel it is not required to carry this base to camp construction to the extent it was originally approved. As a result, we are cutting back on the requirements.

In doing so, we are creating a logistic problem in that the requirement of supplies to support this base camp were moving, and now what we have to do is try to be sure that we take appropriate supply action so that this does not unnecessarily accumulate as excess.

In 1966, experience in South Vietnam clearly indicated a need for improvement in quantity and quality of military supply personnel. Immediate steps were taken to provide needed depot experience for 350 personnel, each quarter, who graduate from the Quartermaster School. This 90-day training rotates enlisted men through practical application experiences involving all aspects of depot operations and equips them to perform well in the establishment and operation of depots.

Evaluation of the performance of graduates of this training by Commanding General, U.S. Army, Vietnam, indicates superior performance over those who had only theoretical training. Capability to identify and account for these personnel by military occupational speciality codes has also been improved to provide for appropriate assignment.

Action also is being taken to establish a course of instruction of short duration—about 5 days—designed for senior commanders and key staff officers from corps to brigade or comparable unit level. The

objective of this course is to improve combat readiness, at reduced costs, by providing actual or prospective commanders and key staff officers with the basic knowledge needed to obtain optimum responsiveness from the supply system.

Emphasis is placed on avoiding actions that detract from supply performance and on timely, proper actions to expedite or follow up on supply actions.

In May 1968, the Assistant Secretary of Defense (Installations and Logistics) called upon the assistant secretaries of the services for installations and logistics to review current manning of key logistics functions (primarily procurement, contract administration, maintenance, depot and warehousing operations), to determine current logistics manpower needs and status (civilian and military), to project trends for up to 25 years, and recommend adjustments to compensate for deficiencies revealed.

The initial meeting of this ad hoc planning task force was held on May 13, 1968, and full-time efforts are underway on what is expected to be a 6-month effort. The policy direction of the task force will emanate from a Logistics Manpower Planning Board.

The membership of this board was planned to include the Materiel Secretaries, the Deputy Chiefs of Staff for Logistics, the Director of the Defense Supply Agency, and a member of the Joint Chiefs of Staff. On May 27, the materiel commanders were included in the membership of the board, making the Commanding General, U.S. Army Materiel Command, a member. Long-range projection and planning are to be given consideration later in the project development.

Within the Army, a study is in process to determine the developmental base and training programs needed to overcome shortages of military personnel qualified in large-scale wholesale operations. Officer, warrant officer, and supervisory noncommissioned officer positions at depot, inventory control center, and the headquarters level positions needed to supervise such operations are under consideration for special developmental attention.

Initially, this study will address present needs for Southeast Asia, followed by study of long-range needs to develop and sustain these skills, including the necessary continental United States rotational and developmental base.

DEFICIENCIES PREVIOUSLY REPORTED BY THE GENERAL ACCOUNTING OFFICE

Prior General Accounting Office reports concerning U.S. Army, Pacific, presented various deficiencies in logistic operations.

In 1963, overstockage of Nike missile repair parts was found and attributed to failure to identify and report parts as excess and permissive overstockage.

In 1964, effectiveness of missile systems, communications systems, aircraft, and construction equipment inventory programs were considered deficient due to lack of efficient and experienced management personnel to manage the depot and its storage and accounting processes.

Deficiencies were also noted in 1966, concerning asset visibility to the Army Tank-Automotive Command of tank and automotive stocks, located in Europe, and I will discuss actions in the area of worldwide

asset control shortly. Problems related to the U.S. Army Missile Command's asset visibility and performance were also observed in Europe and the United States during 1965 and 1967, and it was found that corrective procedures had not been implemented to provide for accurate authorization of mission essential parts.

The Army, generally, concurred in the findings and immediate assistance was provided to correct deficiencies and along with other actions, inexperienced personnel were replaced.

The detailed review of missile logistic support by the General Accounting Office at various Army commands has provided us a basis for further consideration and application of weapons system management similar to that of the Air Force, providing the desired far-reaching control by a national level manager. The various weapons system management programs are representative of strides taken toward this goal.

In 1966, the installation of computers for logistic management was considered premature by the General Accounting Office because of deficiencies in record and document discipline. The Army proceeded with plans to provide standardized logistic systems in U.S. Army, Pacific, as a major step in achieving the operational control necessary, and the final General Accounting Office report recognized the problems related to withdrawal of the computers that were installed in late 1965 and 1966 with recommendation that basis weaknesses in operating systems be corrected prior to future installation of automatic data processing equipment.

General Accounting Office has substantially contributed to the improvement efforts presented. There is no doubt of our desire to be responsive to the assistance provided.

OVERSEAS SUPPLY OWNERSHIP AND ASSET VISIBILITY—COMMAND AND LOGISTIC RELATIONSHIP

There have been several inquiries by members of the subcommittee staff concerning the possibility of reorganization as an approach to obtaining better asset control at overseas locations. I am specifically referring to the Department of Army's study of possible extension of the Army Materiel Command's activities overseas.

There are a number of advantages during peacetime for extension of Army Materiel Command control to depot stocks overseas. There are a number of serious problems in assumption of operational control overseas, and I think we have talked about some of these problems earlier.

The study presented many desirable objectives that are not realistic in today's environment or under several possible combat situations. It appears more practical to utilize improved communications and Army Materiel Command national inventory control point capability as they develop, to return logistic management functions to the United States, thus improving management while contributing to the reduction of expenditures overseas. The implementation of Army Materiel Command asset visibility for super high-dollar value items is a demonstration of the Army's action to extend Army Materiel Command's asset visibility overseas.

The initial visibility of 1,700 items and the capability to control reparables provided the Army Materiel Command will be expanded commensurate with effective and economic combat operational and readiness support. Army efforts will be directed at bringing home appropriate functions when Army Materiel Command can and should absorb them.

The interpretation of "commander's prerogative" being assumed today, often erroneously, requires some clarification as to what it does and does not mean in the Army.

The Army operates under the management philosophy of centralized supervision and policy and procedural direction with appropriate decentralization of operational control to commanders on the ground. The Headquarters, Department of Army, provides central direction and guidance to commanders through policies, regulations, field manuals and other directives.

The authority to act in a field situation is assigned the commander, under the guidance provided. Under the stress of combat, the commander is authorized greater latitude in his decisions because he has direct and personal knowledge of the geographic and combat environment. Nevertheless, the commander remains responsible to his superiors for his decisions. Materiel is only one of the resources provided to the field commands.

The Army recognizes that in peacetime the state of the art provides for the real time manipulation of data by computers and that reduction of order and shipment time is possible. However, movement of supplies by premium transportation cannot be provided to all Army forces worldwide and the Army furnishes sister services common supply support on many bulky items such as ammunition, rations, and petroleum products. The Army policy is based on the field commander's responsibility to perform his mission.

The Army is not opposed to changes in the supply system which are economical and will still support the commander's mission. The Army is continually trying to improve the logistics system and improvements have been accomplished and are in process.

A major goal of these improvements is the more economical management of supplies and the greater flexibility for utilization of supplies within major commands. In this regard, the Army is already planning to centralize control of supplies at command levels where detail logistics management can be provided that is responsive to subordinate commanders' resource requirements. There are many logistic functions that have been centralized to assist the field commander.

Examples are the use of repair modules in lieu of piece parts replacement, direct exchange of assemblies such as carburetors and generators, more accurate computation of unit repair parts usage so that it is unencumbered by unneeded material, and responsive support for weapons systems in terms of hours or days instead of weeks and months.

And I might add the operational readiness figures of our equipment in Vietnam are the highest that they have been in the history of the U.S. Army, and we can supply for the record what I mean by this, sir. But we are maintaining equipment in the Army today in operational readiness that exceeds any standards that we expected in combat before, Mr. Chairman.

The Army is aggressively pursuing programs to overcome the indicated problems of asset visibility and fast movement of supplies, concurrently with other programs that I will discuss later.

The visibility and movement programs involve improvements in asset visibility, whether or not ownership changes, and stockage reduction overseas when improved transportation can provide resources on a comparable basis. Economical fast transportation can aid in reduction of stocks in transit.

PLANNING FOR FUTURE IMPROVEMENTS IN LOGISTIC OPERATIONS

Major changes in the Army's logistic system are under study or in progress. In the transportation area, a major study effort is underway to determine how we can best use the rapidly advancing air transport technology in the 1970–75 time period. This study, called Army Logistics Support Concepts—air lines of communication, examines several different concepts of supplying troops using an air line of communication, and develops possible savings in both personnel and stockage levels that could accrue from the use of such concepts.

The first part of this study has been completed, using scenarios depicting conflict in Africa and Asia and is currently being staffed. A follow-on portion of the study will use scenarios prepared for Europe and the Mideast and this study is scheduled for completion in August.

A study is in progress to provide the information and analysis essential for determining the optimum peacetime employment of military airlift and sealift systems. The study will lay the necessary ground work for insuring that efficient use is made of the growing airlift force. It will identify those items which are economically eligible for air delivery overseas considering total distribution costs, including investment in pipeline inventories.

Toward this end, as I indicated earlier, the study is providing a list of Federal stock-numbered items and the corresponding costs per ton-mile at which the items are air eligible. And today we are using these outputs of the study to determine what we should be doing today and between now and 1970 on time frame, Mr. Chairman.

There is a need for expeditious standardization of supply systems to take advantage of advances in computer and communications technology. Greater emphasis is being placed on the design, development, implementation, and maintenance of standard logistics automatic data processing systems by the Department of Army.

The reorganization of the Army in 1962, which eliminated the technical services and established the Army Materiel Command, had a profound impact on the Army logistics system and its traditional methods of providing logistic support.

In the spring of 1966, the findings of an Army study group indicated that as a result of that reorganization, control of the key functions of logistics doctrine and logistics systems development had been fragmented to an undesirable degree. The study recommended that those functions be brought together into a new staff element under the Deputy Chief of Staff for Logistics and adequately staffed as a means to improve his control and management of the Army logistics system.

As a result, there was established a new general grade position, that of Assistant Deputy Chief of Staff for Logistics, for Doctrine, Systems, and Readiness. Reporting to him is the Logistics Doctrine and Systems Office, located in the Pentagon with a strength of 46 people.

The Logistics Doctrine and Systems Office is directly supported by a field agency (the Logistics Doctrine, Systems, and Readiness Agency) located at New Cumberland, Pa., with an authorized strength of 195 people. The Logistics Doctrine and Systems Office and its supporting field agency provide for the central general staff direction of the Army-wide program of logistic systems development by establishing design criteria and prescribing standard data elements, standard input-output formats, and common program packages. Detailed logistic systems design and programing has been decentralized to major subordinate commands as follows:

The U.S. Army Combat Developments Command is responsible for detailed development of logistics systems for the Army in the field (entire overseas logistic system).

The U.S. Army Materiel Command is responsible for detailed development of all wholesale standard logistic systems peculiar to operations in the United States of America.

The basic concepts of standardization and simplification of logistics systems for the Army in the field, less post, camp, and station systems, are announced in the "Administration Support Theater Army (TAS TA–70) Study" dated March 1967.

The combat service support system of the automatic data systems for the Army in the field provides for automation of logistics, administrative, and financial functions, and is based on compatible procedures throughout the Army in the field.

Operations of both the continental United States and overseas units of the Army in the field will be standardized to the maximum extent so that a continental U.S. unit deploying overseas can "unplug" from the continental United States and "plug" into an overseas command logistics system without modification or abnormal delay.

Prototype installation of combat service support systems for division and corps level operations will be tested in III Corps at Fort Hood, Tex., beginning in July 1968. Current theater-level systems, including recent actions regarding the upgrade of the U.S. Army Pacific standard supply system will be considered as the basic building blocks for the standard theater-level logistics system.

Pending the development, test, and fielding of the combat service support systems, several different types of automatic data processing systems have been or will be developed, tested, and distributed as appropriate within elements of the Army in the field in support of immediate logistics functions.

Included are:

Magnetic ledger card systems to mechanize class II and IV supply operations in the maintenance battalions. Stock control operations at 50 direct-support units/general-support units within Southeast Asia have been mechanized utilizing standard equipment programs and procedures developed centrally by an element of the U.S. Army Combat Redevelopment Command and these systems will be extended to other direct-support units/general-support units Army-wide with distribution to commence in early fiscal year 1969.

The post, camp, station, installation level logistics systems development effort within continental United States is a function of the U.S. Continental Army Command and Deputy Chief of Staff for Logistics, Department of Army.

The centralization of supply management operations centralizes installation stock control and accounting into one activity under the direct control of the Army commander. A stock control center utilizing standard automatic data processing equipment, programs, and procedures is being implemented for each continental U.S. Army area with a U.S. Continental Army Command activity for systems control and program maintenance.

Centralization and standardization of supply management operations will provide benefits in the areas of reduced processing time, improved materiel readiness, and reduced supply operating and training costs.

Although responsibility for this system has been assigned to U.S. Continental Army Command, that command, in coordination with U.S. Army Combat Development Command, is responsible for the centralization of supply management operations interface with the combat service support system. Both will act under the supervision of the Deputy Chief of Staff for Logistics, Headquarters, Department of Army.

The national automatic data processing program for Army Materiel Command Logistic Management (NAPALM) provides for uniform materiel management procedures, standard automatic data processing equipment and standard programs at the Army wholesale logistics level.

Objectives of this program include:

Design of standard systems to support the operational mission at this level.

Standard documentation to responsible managers to perform surveillance of the system.

Maximum automation of management decision in order to reduce the hard copy output and the requirement for systems inquiry.

Establishing a common, standard automatic data processing data base in support of like functional areas across national automatic data processing program for Army Materiel Command Logistics Management organizational levels.

This program envisions a three-phase approach to standardization which permits an orderly progression from the documentation of specifications for the automatic data processing equipment to the development of standard systems at the affected installation of each organizational level of the U.S. Materiel Command.

The national automatic data processing program for Army Materiel Command Logistics Management organizational levels are:

a. Commodity commands/centers/national inventory control points.
b. Depots.
c. Arsenals.
d. Laboratories.
e. Test and evaluation command systems.
f. Data bank systems.

The inventory management applications of the commodity commands comprise a major portion of this effort, is the most critical in

terms of effort and readiness, and is a key management system which is to be developed on a priority basis.

Prior to the installation of the National Automatic Data Processing Program for Army Materiel Command Logistics Management, automatic data processing equipment, the standard systems will be tested and evaluated at a prototype installation. To provide for central direction and control of this project, U.S. Army Materiel Command has established an automated logistics management systems activity at St. Louis, Mo.

Recent reviews of the Army logistics system have highlighted the fact that there must be a better organized, structured, and coordinated study effort to develop doctrine for the Army wholesale logistic system as a corollary effort to Army in the field logistics doctrine.

A conceptual study on the Army wholesale logistics system is being initiated to parallel the combat development command Army in the field concepts studies of the 1980–85 time frame. Objectives of this study are to provide a framework for the derivative studies essential to establish new doctrine for the Army wholesale logistic systems, and to project the overall Army wholesale logistic systems for the 1980–85 time frame in connection with evaluation of the impact of logistics experience in Vietnam, implementation of Army in the field logistic concepts under the combat service support system, evolution of mission assignments to the Defense Supply Agency, improvements in transportation and communications, and organizational trends and studies impacting upon Army logistics. At present the study team is developing the many basic research documents required.

To assure that the various systems under development interface properly and provide a cohesive vertical management information system for the Army, we have underway a study and design effort which has as its objective the establishment of an integrated supply, maintenance and materiel readiness reporting system from the unit level up through intervening echelons to Headquarters, Department of Army.

This effort began with an identification of the essential elements of information required for management and decisionmaking at each echelon of the Army. The system is being designed to provide this information from data banks operating in support of the various functional systems now under development at the several echelons of the Army described. It is the Army's intention that this effort will result in a standard worldwide information system which will integrate supply, maintenance and materiel readiness reporting into a single cohesive system.

In conclusion, improved control of Army inventories, systems discipline and standardization and simplification of the various supply systems within the Army have been initiated and are in process of execution.

In today's dynamic logistic environment, emphasis is being placed on the need for improvement in logistic control and economy by the Secretary of Army, the Chief of Staff and at all command levels. Previous examples cited highlighted the positive measures underway to obtain immediate improvements.

Intensive review of requisitioning objectives has been conducted for major commands by Headquarters, Department of Army and the

Army Materiel Command's national inventory control points. A procedure has been established whereby the Army Materiel Command will continue to provide this type of review and other management assistance semiannually on a scheduled and continuing basis.

Headquarters, Department of Army has also conducted special semiannual reviews of the National Inventory Point procedures for computation of Army-wide assets and requirements and plans are being made to extend this type of review to other major commands. The Army has positive measures underway to improve on our present logistic support structure and to take full advantage of modern technology in order to provide the best possible support to our combat forces.

Currently accepted concepts are also being critically examined and questioned in order that the future Army logistics system can be designed on a sound logical basis to best support land combat in the future. The Army has a four-point systems improvement program directed at achieving an integrated, standard, future logistic system that provides for:

Central direction and control of logistic system development at Headquarters, Department of Army, Deputy Chief of Staff for logistics level.

Intensive systems design and development efforts addressing each support echelon in the Army Logistics System, intended to provide worldwide standardization.

The development of an integrated supply, maintenance and materiel readiness information system to integrate the support systems into a cohesive, vertical system from unit to Headquarters, Department of Army level.

Long-range study and operations research, examining, and challenging the doctrinal base upon which the present system is based.

The U.S. Army has and is exploring every practicable means of increasing effectiveness and efficiency of its logistic system. Every improvement practicable is and will be made provided it is compatible with the Army basic mission of supporting the combat soldier in battle.

I thank all of you for your interest in this most significant area and I and other Army witnesses will be pleased to respond to questions.

Mr. HOLIFIELD. We will instruct the staff to prepare their questions so we can start questioning you immediately on this statement the first thing in the morning.

General HEISER. Thank you, Mr. Chairman.

Mr. ROBACK. At all points where you have suggested supplying additional material for the record, take that as a request by the committee.

General HEISER. We will, sir.

Mr. HOLIFIELD. Thank you very much, and thank you for your appearance here this morning.

The meeting is adjourned until 10 a.m.

(Whereupon, at 12 noon, the committee recessed, to reconvene at 10 a.m. Wednesday, June 26, 1968.)

MILITARY SUPPLY SYSTEMS

WEDNESDAY, JUNE 26, 1968

HOUSE OF REPRESENTATIVES,
MILITARY OPERATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:15 a.m., in room 2247, Rayburn Building, the Honorable Chet Holifield presiding.

Present: Representatives Chet Holifield, Horton, and Erlenborn.

Also present: Herbert Roback, staff administrator; Douglas Dahlin, counsel; Joseph Luman, defense analyst; and Paul Ridgely, investigator.

Mr. HOLIFIELD. We will continue our hearings on military supply management.

I have a little announcement to make. I am chairing the Committee of the Whole House today, and the House meets at 11, so this means that I have to leave to take the chair in the House of Representatives. I regret particularly that we could not get this information to the Navy in time to let them know that we could not put them on this morning. We will use this hour with the Army. You gentlemen are welcome to stay for the hearing or you can be excused, because we will not be able to put you on this morning. We will have to adjourn at 11.

General Heiser, I think we had put your complete statement in the record yesterday, the part you did not read, and today we will have some questions.

Mr. ROBACK. We also have General Jones with us today, who can give us the benefit of his wisdom on Vietnam, Mr. Chairman.

General Heiser, you referred to the reorganization of the Army in 1962, which set up the Army Materiel Command, and then you say that in the spring of 1966 an Army study group found that logistics doctrine and system development had been fragmented to an undesirable degree.

Will you amplify that? I gather that the reorganization in 1962 disestablished the basic Army technical service system. Now, did that create more problems than it resolved in the logistics field?

STATEMENT OF MAJ. GEN. JOSEPH M. HEISER, JR., ASSISTANT DEPUTY CHIEF OF STAFF, LOGISTICS (SUPPLY AND MAINTENANCE); ACCOMPANIED BY BRIG. GEN. JOHN KLINGENHAGEN, DEPUTY ADCSLOG (S. & M.); COL. ANTHONY DASKEVICH, DEPUTY ADCSLOG (S. & M.) FOR PURM; LT. COL. OSCAR J. SANDERS, STAFF OFFICER, SUPPLY POLICY AND PROCEDURES, DIRECTOR OF SUPPLY; COL. J. M. TUMLINSON, CHIEF, EUROPEAN-NORTH AFRICA BRANCH, THEATERS DIVISION, DIVISION OF PLANS; WAYNE SMITH, TECHNICAL ADVISER, ADCSLOG (S. & M.); ROBERT WOODSIDE, OFFICE, DEPUTY CHIEF OF STAFF PERSONNEL; JOHN HEEDEEN, OFFICE, ASSISTANT FOR MANAGEMENT, ADCSLOG (S. & M.); AND JOHN TAYLOR, CHIEF, LOGISTICS DOCTRINE AND SYSTEMS OFFICE, DCSLOG, ALL DEPARTMENT OF ARMY; AND BRIG. GEN. LEO B. JONES, DEPUTY COMMANDING GENERAL, FIRST LOGISTICAL COMMAND, U.S. ARMY, VIETNAM—Resumed

General HEISER. Sir, my sincere answer to this is that what occurred at the reorganization of the Army in 1962 in my experience occurs with any significant reorganization. The decision was made that we would depart from not the technical services itself, but from the organization represented by the Chief of Technical Services, which headed up logistic system for each of the technical services down to and including the technical service officers and men in technical service units in the field Army.

Now, the basic decisions involve the fact that it eliminated the Chiefs of Technical Services. It provided for a basis for facilitating the standardization of eight Army logistic systems that extended completely to the units in the field.

This reorganization has taken place. In fact, it is one of the management problems that occurred during the Vietnam buildup, because at the time of the Vietnam buildup, we were still in the process of carrying out some of these decisions of reorganization.

Now in answer to your question, did this create problems, some of the problems that were created were because of the very fact that we were in a transition stage from one organization to another. Other problems occurred because in carrying out this reorganization, we were in a very fluid situation, and the military standards system governing logistics to some extent were also in the process of being planned, dissected, modified and approved and put in the field.

And so what we had in at least the 1960 to 1965 and 1966, and I could even say further period up until the present day, but especially during 1960 to 1965 the logistics system was in a state of real dynamic change.

The Department of Defense directives were requiring certain changes, and I include the fact that it was during this period that we implemented the military standards system for supply, commonly known as "MILSTRIP," in the Army, Army Regulation 725–50. And most of the follow-on military standard systems have been implemented during this period.

At the same time, within the Army we were taking part in this reorganization.

For example, I think it was only about a year ago—check me, Leo, if I am not right—it was only about a year ago that we completed the reorganization of field units from a technical service organization to what we call a COSTAR organization based upon functional supply and maintenance as opposed to technical services-oriented type of organization and mission.

So in examining the system, sir, I would say that in answer to your question, we were and still are in the process of solving some of the problems that emanated of necessity from just reorganizing, not that there was anything wrong with the reorganization.

Mr. ROBACK. Give us an example. What was the problem that grew up here as between "logistics doctrine" and "systems development"? In other words, why was there this fragmentation?

Were there too many separate centers of decision? Or policy determination? What was the problem?

General HEISER. In the present environment as to the term "fragmentation" to an undesirable degree, they were pointing to the fact that we did have under the reorganization a system based upon functional supply and maintenance, which did have command responsibility at the various echelons beginning with the Department of Army, with a breakout at the Army Materiel Command level for all types of Army-managed items, all commodities, and then going further into the field having the Commander in Chief of the Overseas Command with his responsibilities and at each level down.

Now what they were actually saying was that we should examine this to determine to what extent these were undesirable, and therefore attempt to eliminate them, sir.

Mr. ROBACK. In the 1962 recommendations——

General HEISER. Yes, sir.

Mr. ROBACK. Reorganization, the thrust of it was to try to get all these separate centers of the Technical Corps with their own depot systems, their own logistics responsibilities somehow reorganized?

General HEISER. Yes.

Mr. ROBACK. So it was not as an outgrowth of reorganization as such? It is just that reorganization did not necessarily resolve all the problems, is that not the case?

General HEISER. That is essentially correct, and this ties in with what I was trying to say earlier, sir.

Part of this is still in the process of implementation, the results and the objectives of the reorganization of 1962.

Mr. ROBACK. Five or 6 years, you do not think that is a slow process?

General HEISER. Sir, it is a slow process if you look at it from one point of view, but I have to say, Mr. Roback, that slow is a relative term. The reason I say that is this:

We had a system that was in operation for many, many years. This system had already started in terms of the use, for example, of ADP, and the committee has shown an interest in this, so maybe this is a good example to talk to.

Before the reorganization in 1962, I do not believe there is anyone in the Army knowledgeable of the situation but what he would admit

that the situation was fragmented in terms of logistical support and systems between the various technical services.

With the abolishment of the Chiefs of the Technical Services, it was felt that standardization of the Army system in accordance with DOD directives and military standard systems would be facilitated.

And, sir, experience has indicated without question that it has been facilitated, without any question.

But recognize that in 1962, when the reorganization was ordered, there was a going concern, with respect to the Chief of Technical Service organization. Looking at ADP, for example, you can go to one of the commodity commands which the Army Materiel Command inherited from the Technical Services, you can look at the Army Tank-Automotive Command, and find that there we had the first large scale computer that was ever installed in any Army installation, the BIZMAC. The BIZMAC was a research and development item with which the Army was attempting to try to determine how to best use a large scale computer.

Because of getting into this so early, one of the serious problems in terms of progress in ADP and in ADP effective programing was to get away from the BIZMAC, which we had, and try to catch up with the state of the art.

These were procedures and these were hardware and software that were in process, and sir, in 1962 we had gone from the BIZMAC to a process of trying to update the hardware through substitution of what became RCA 501 equipments, multiple 501 equipments to replace the high volume of the BIZMAC, and the procedures that went along with it were difficult to change.

I might say, sir, that we are still in the process of trying to get what was working at that time under other processes standardized to meet the requirements of the Army Materiel Command. That is just one example.

We have other examples in terms of training people. At the time the Chiefs of Technical Services existed, they had responsibilities to insure the training of logistic personnel in each of their areas.

I am not at this point attempting to go back in history and say that those responsibilities were bad or good.

I am not talking to that point. That is ancient history and I do not think this is what you are really after.

What I am saying is that in the transition of going from a very strongly controlled Technical Service training program for officers and men, we have had to make this transition into a centralized control of training and still standardize, but still apply the same importance to the training in each of the logistic areas so that we can come up with a fully trained man to do the job in the field, and I think, sir, very sincerely that we are still in the process of doing this. And I think that in so doing, we are discovering that we have to make improvements in our training program in order to achieve the best results in the field.

Mr. HORTON. General, what is the difficulty in training these men? I mean you talk like this takes a long time and it is a great problem. What is the difficulty?

General HEISER. Sir, it is a continual problem, Mr. Horton, because, as you well know, sir, we have a large preponderance of the U.S. Army made up of short-term people in terms of draftees, sir.

Secondly, in the areas of most critical importance to us right now, we have short tours. For example, the 1-year tour in Vietnam, which means there is a continual repetitive training problem to keep men well-trained.

Mr. HORTON. The other services have this same problem, have they not, General?

General HEISER. Yes, sir; I am sure they do.

I am not qualified, Mr. Horton, to talk to the extent to which they have it, sir.

LACK OF STANDARD ARMY SYSTEM

Mr. HORTON. The difficulties pointed out by GAO, as I understand it, did not have to do with the personnel or the short term, but the fact that the Army did not have a centralized or standardized system.

Now why does it not have such a system?

General HEISER. Sir, you may be right, Mr. Horton, but I did not realize that the GAO was actually indicating that we did not have that kind of a system. It was my understanding that what they were really getting at was more the fact that we had to improve this training system and improve the assignment of the men that were trained as they go out to the various assignments in the field.

Mr. HORTON. I do not have the specific recollection. I could pull it out from the testimony, but I have some recollection about data processing equipment that was transferred from Europe to Vietnam. It was indicated that they had to do a reprograming effort because of the difference in the situation between Vietnam and Europe. Other services could take the same equipment and change it around, and the programing would be the same, because the personnel were the same and the items were the same.

General HEISER. I am familiar with that, sir, and that is correct, and the observations of the GAO in this regard are correct in that we did not have a standard system in terms of software particularly in Europe, in comparison with what——

Mr. HORTON. When you talk of the software, what do you mean?

General HEISER. Excuse me, sir, I beg your pardon. The hardware that I referred to is the actual ADP equipment sitting right there on the ground. The software consists of the programs, the paper, and the procedures which go to making the processes within which that ADP hardware works.

So what I am really talking of now are the procedures, the programs.

Mr. HORTON. All right.

General HEISER. Now we did not have the standard program, sir, unfortunately and you have a perfect right to ask why we did not.

I think, sir, that my humble answer to this question is that ADP hit the field, sir, with its capabilities that everyone wanted to make use of, and the Army attempted to make use of it. We attempted to move out and allow people in the field to make use of it to the best of their ability.

We did not have a standard system within which this ADP would be utilized in those days, and what we find——

Mr. HOLIFIELD. Was there one?

General HEISER. No, sir; there was not.

Mr. HOLIFIELD. In other words, you were exploring?

General HEISER. Yes, sir.

Mr. HOLIFIELD. In the software field, yourself?

General HEISER. Yes, sir; we were exploring software and hardware, Mr. Chairman. We were trying at that time and we still are.

Mr. HOLIFIELD. Put this in a bracket of years.

General HEISER. Sir, we are talking in terms of the beginnings of this—first of all, may I give just a little quick history?

Mr. HOLIFIELD. Yes.

General HEISER. We began the use of the data card as opposed to the manual requisition toward the end of our experience in Korea. This progressed, using a card and just electronic accounting machines to try and avoid having as many people and doing a job more effectively than the manual processing of supply paper. This began at the end of Korea.

Then as I say, sir, in the computer area we got into the computer area both at the National Inventory Control level and at the depot level, and also at the Field Inventory Control Center level during the mid and late fifties.

For example, in the 7th Army in Europe, we had what was popularly known as a MOBIDIC (mobile digital computer) piece of equipment, which was supposed to be a piece of equipment that could be put in a van. It was ruggedized and you could move it around as it was. Along with this was a program, and it was really a test package, sir, but we never really got to carry out the test before things moved so fast on us.

And by the way, one of the problems in this area is the state of the art moves so fast.

We had MOBIDIC's that had problems, and we could not go from the MOBIDIC to something else through an evaluation process and so forth. We already had the MOBIDIC, an antique piece of equipment before we ever finished the test. This is one of the problems.

Now, involved in this also is the fact that while we have MOBIDIC, we also get involved in Vietnam, and you might say well, why did you not put MOBIDIC in Vietnam, but we knew that MOBIDIC was not the equipment to go in Vietnam.

Now also, we are attempting to start to get a standardized system. We did have problems in terms of the fact that we had equipments at that time that would not communicate one with the other. We are getting along better in this now, as I am sure, sir, there are people better able to talk to this than I who are in the room, but the fact is that some of these difficulties are being overcome.

But for a while, you had to write programs that were specifically pointed at a specific piece of equipment, and you did not have the ability to communicate.

We got many different pieces of equipment in an effort to try to be fair in terms of commercial practice and competition, and as a result we had different computers in our depots.

What I am saying, sir, is that use of computers has grown and it began in a logical approach to testing, but the state of the art and the dynamics of the situation occurred in such a way that in the beginning of the early sixties we did not have a standard system, and yet we had jobs to do, sir.

Mr. HORTON. General, could I interrupt you there?

General HEISER. Yes, sir.

Mr. HORTON. On page 17 of Mr. Fasick's testimony the other day, at the bottom of the page he made this statement:

> Each major command in the Army has had the responsibility for determining it own data processing requirements. Although the systems must to a certain degree be compatible with certain standards prescribed by the Department of Defense, each command designs its own system, devises data processing programs, develops management reports and obtains data processing equipment.

Then he goes on to show this illustration that I referred to a moment ago.

General HEISER. Yes, sir.

Mr. HORTON. Now the difficulty, it seems to me, goes not to the changing systems and all of the new innovations in data processing equipment, but goes back to the fact that the Army has the responsibility within each major command for determining data processing requirements rather than to have a centralized requirement.

General HEISER. Mr. Horton——

Mr. HORTON. Now is this still in effect?

General HEISER. No, sir.

Mr. HORTON. What is the situation now?

General HEISER. The situation is now that we have directives, sir, which I can supply for the record, including DOD Directive 5100.40, and DOD Directive 4105.55.

(See pp. 301 and 305.)

Mr. HORTON. Would you give the dates of those directives?

General HEISER. Yes, sir, September 28, 1963.

Mr. HORTON. What is that one?

General HEISER. Both of them, sir, are September 28, 1963. And the last, the most recent directive that is directly pertinent to your question, sir, in the Army is Army Regulation 18–2 dated September 1967.

Now what these do, Mr. Horton, is the fact——

Mr. HORTON. Excuse me. The first directives were back in 1963?

General HEISER. 1963; yes, sir, broad directives.

Mr. HORTON. These comments were made in 1968. There is no indication in here that that has been changed.

General HEISER. Sir, we began in 1963 to exert control, and the controls have been strengthened until today, sir, what is stated here I have to say is incorrect in terms of the fact that today an overseas commander has to come in through the Department of Army and to a large extent all the way to the Secretary of Defense, in order to get a new computer and to establish a new program.

Mr. HORTON. Yes, but now right there——

General HEISER. Yes, sir.

Mr. HORTON. In order for him to establish a new program, why should this not be done from the top level rather than from the commander's standpoint?

General HEISER. Sir, this is exactly why we were in the condition in the early sixties that we were in. The Army, if it had been in position to establish a standard system, would have done it. And this is the reason I was getting into the dynamics of the situation as it occurred on the ground.

We did not have that standard system. A standard system that we might have had, for example, at the field Army level was the

MOBIDIC, and MOBIDIC was already out of date, and so what we had to do, in order to get on with the job, we in the Army—I say we in the Army, I was not at that level at that point—the Army had to allow the field commander some leeway in terms of getting on with the job.

Mr. HORTON. Why?

General HEISER. Because, sir——

Mr. HORTON. You are talking about supply. I am not talking about tactics or anything like that.

General HEISER. No, sir.

Mr. HORTON. I am talking about supply and supplying a man in a tactical situation. Why can the programing and the supply not be done from the top level?

General HEISER. Mr. Horton, it can be done if you have the packages available to give them, sir.

Mr. HORTON. Why can you not have them available?

General HEISER. We did not in the early sixties, Mr. Horton, because we had not perfected these packages.

Mr. HORTON. Have you got them now?

General HEISER. Yes, sir.

Mr. HORTON. When you talk about packages, are you talking about programing?

General HEISER. Programing for equipments, and equipments that fall in with the program, sir.

Mr. HORTON. Do you have it now?

General HEISER. Sir, I have to say that this is mixed.

I cannot say yes or no, sir. I say yes, we have packages. However, we are only in the process of improving this, Mr. Horton. This is a changing situation, and I think, sir, I might at this time ask Mr. Taylor to first of all distribute some charts we have prepared which will be useful to you I think in terms of standard systems, and then, John, if you will explain these charts.

Mr. TAYLOR. Yes, sir.

General HEISER. I think it will be directly pertinent to your question if we have them now.

Mr. HORTON. Let me ask you this question: Are you aiming toward the centralized system?

General HEISER. Sir, there is no question about it, 100 percent.

Mr. HORTON. When do you expect you will arrive at that point?

General HEISER. Sir, that depends on the level of supply management.

Mr. HORTON. You take into consideration all the variables and the possibilities. What is your estimate as to when that will occur?

General HEISER. It is going to be in the early seventies, sir.

Mr. HORTON. Not before then?

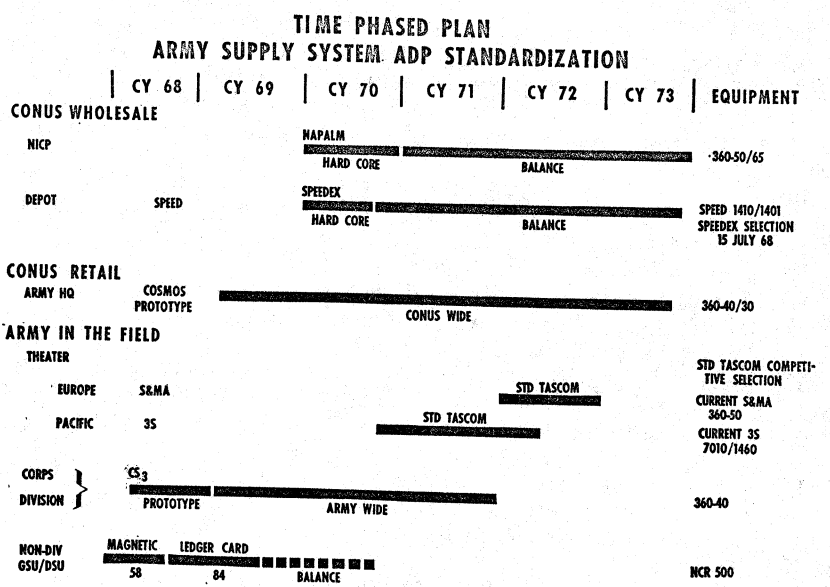
ARMY SUPPLY ADP SYSTEMS

General HEISER. No, sir.

However, we will have portions of this implemented before then, sir. That is my point, and I think Mr. Taylor can talk to this very clearly.

Mr. HOLIFIELD. Mr. Taylor.

(The chart referred to follows:)



Mr. TAYLOR. Yes, sir.

The chart that you have before you is a time phased plan by calendar year across the top, and in the vertical column to the left you see the principal segments of the Army's logistic system starting with CONUS wholesale. Here we are addressing the Army Materiel Command, at both the national inventory control point level and the depot level, the two principal echelons of that command.

CONUS retail is the continental U.S. Army, and we are referring here to the numbered Army Headquarters of USCONARC.

The Army in the field is broken down into the theater level, and here we indicate the two primary overseas areas, Europe and the Pacific, and the corps level and the division and nondivisional GSU–DSU levels.

Depicted here on the chart, in terms of the acronyms, SPEED, COSMOS, and so forth, are the principal current standardization programs of the Army. Shown under calendar year 1968 are those programs that are already in being or will be completed by the end of this year.

Across the chart we are showing the longer range programs which carry into calendar year 1973. I think it might be well if I went through these individually and explained them to you.

At the national inventory control point level, you will note that at this time we do not have standard equipments or programs.

Mr. HORTON. Is that not a handicap?

Mr. TAYLOR. It is a handicap, sir.

Mr. HORTON. Why do you not have one?

Mr. TAYLOR. Well, sir, we have been engaged for a period now of some 3 years in preparing for this program that is indicated as NAPALM, which is the national ADP program for AMC logistics management.

This has been a tremendous task. It is now at a point where we know that we will be ready to go with our first installation on the 1st of January 1970 and complete it during that calendar year in terms of the hard-core programs. This term "hard core" refers to the primary supply management programs of the National Inventory Control Point.

Mr. HORTON. Perhaps you are not the one that can answer this, but in relation to the other services, do they have programing at the top level or central level?

Mr. TAYLOR. Are you asking me——

Mr. HORTON. Are you familiar with the other services?

Mr. TAYLOR. Does Air Force have it, as an example?

Mr. HORTON. Air Force and the Navy?

Mr. TAYLOR. Yes, they do. Air Force has it today. Their programming for the wholesale level is out at Wright-Patterson at the Air Force Logistic Command.

Mr. HORTON. Why cannot the Army have it?

Mr. TAYLOR. The Army does have it, sir. The Army Materiel Command has such an agency at St. Louis. They are now involved in the centralized programing that will provide the NAPALM product to us in calendar 1970.

Mr. HORTON. I am just trying to understand the problem that the Army had.

Mr. TAYLOR. Yes.

Mr. HORTON. So the Army is not at the same stage of development that the Navy and Air Force are. Have you a special problem that prevents that?

Mr. TAYLOR. I think the problem, sir, as General Heiser described it, was the fact that until August of 1962 the Army had seven technical services, and at that time each of the technical services had their own inventory control points and designed their own programs. There is no question but what there was a complete diversification of programs at that time.

In August of 1962, the Army Materiel Command was created and the technical services were dissolved. In September—I mentioned August as the date of the reorganization—in September, 1 month later, the commanding general of the Army Materiel Command initiated a study known as TASAMS, an acronym for the Army Supply and Maintenance System. The TASAMS study was completed in the spring of that following year, and provided for a realinement of the depots and the NICPs, which AMC had inherited from the technical services, and provided for the first time for a standard methodology in terms of such things as accountability, which was raised to the National Inventory Control Point level and brought about standard depot organization and a standard depot approach.

What I am saying is that immediately following the reorganization, some rather dramatic steps were taken.

Mr. HORTON. Are you satisfied that the rate of progress is what it should be, or do you feel that you should be moving faster toward this centralization at the wholesale level?

Mr. TAYLOR. I would say that at this point, sir, we are moving extremely rapidly. I am sure that everyone would have liked to have seen an even quicker approach to standardization, but it was an extremely difficult task.

VISIBILITY FOR CONTROL

Mr. HORTON. Coming to another question, there was some comment the other day in the testimony from the GAO with regard to this business of selling to the different levels. In other words, when the wholesale disposes of it, it is sold or it becomes owned by the retail level. Then, in turn, it becomes owned by the commanders in the field. There was some indication that by this process it got lost reporting-wise.

It was not reported back, so that you know what the excesses were. Of course, this all goes to standardization and the like.

Is there any effort to break down that organization or that system?

Mr. TAYLOR. I believe General Heiser should handle this.

General HEISER. Mr. Horton, we to some extent talked of this yesterday. I will try to be brief, sir.

Within the standardization system, there is an objective which will to the maximum extent provide visibility at the national inventory control level of assets in the field, regardless of where they are down to and in some cases including those assets that are in the hands of combat units in the field Army. So that this system that Mr. Taylor is describing called NAPALM on this chart does take the objective of extending visibility.

Now I do not want to get into semantics, Mr. Horton. I am sure you do not. However, there is a question that, as I pointed out yesterday, in terms of the Army's decisions we are trying to decide is it necessary to have ownership so-called because accountability rests here in Washington, D.C., with the commanding general of the Army Materiel Command, or can he just utilize visibility with the authority to control the assets that are in the field, regardless of who has paid for them in the fiscal channel or anything like that, sir.

What we are attempting to arrive at is what is the most effective way of doing this, but the objective without question is headed in that direction, and as we mentioned yesterday, even ahead of the NAPALM program we have started a test of this in the field.

It began one way, sir. Its beginning was 1,700 or 1,800 line items. It would have been even greater except that we could not effectively handle it within our present ability at the national inventory control points, and so we started with the 1,700 or 1,800 items. We are going to evaluate this over the next few months and determine in what direction do we go in finalizing the programs which are involved in this question that Mr. Taylor has been talking to.

Mr. HORTON. What you are saying, General, is that you are aiming toward a centralized, standardized program from the top level, at the wholesale level?

General HEISER. Yes, sir.

Mr. HORTON. But that you have not arrived at that stage yet?

General HEISER. Yes, sir; but we are testing.

Mr. HORTON. Do you not have this visibility at the present time?

General HEISER. Sir, I would like to talk to that because this is relative. We do have visibility at the present time of those items that the Army Materiel Command has determined to be of sufficient significance that they need to know where these items are.

Now we are reporting under a system, under Army Regulations 711–5 and 711–180.

These assets are reported, for example, from all depots overseas and in CONUS, on each a monthly or quarterly basis, so that we do have this visibility on a monthly or quarterly basis.

Mr. HORTON. That is a selected list of items, right?

General HEISER. Yes, sir, but we are talking about some 35,000 items involved in this, Mr. Horton.

Mr. HOLIFIELD. Most important items?

General HEISER. Most important, yes, sir. And the Army Materiel Command has the responsibility, among other things, of determining what items ought to be in here because of their significance either because of criticality to weapons system or because of the money involved in this particular item.

Mr. HORTON. If you have the need for parts for a NIKE system some place, can you reach down in one of the commands and pull that item out?

General HEISER. Sir, of course we can reach any place. At the Army Materiel Command, as I pointed out yesterday, sir, we have an Army Regulation 710–50 which we put out earlier this year, which gives AMC the responsibility of determining what items need intensive management. AMC considers recommendations from the major commander in the field, if an item is critical with him, he can recommend the item for intensive management. Or AMC determines what these critical items are under this regulation, and can move these items anywhere that is necessary, sir.

Mr. HORTON. In other words, they can reach in?

General HEISER. Yes, sir; they can.

Mr. HORTON. And take them out?

General HEISER. Now it is important to recognize that in order for them to be able to do this, they have to have this visibility that we have been talking about, and the reason why there have been limits on their ability to do this in the past is because the information that they needed in order to determine how to do this redistribution between commands was not always available in a timely fashion.

Now with the proper use of ADP, and the changed approach to the problem, we can get closer and closer to the manager here having the ability to do this, because he has the intelligence that he needs, Mr. Horton, and that is what this system is going toward, and we are not waiting for this system. We are moving out in this direction so that when NAPALM hits, part of this will already, in terms of a philosophical approach if you want to talk about it, and procedurally will already have been accomplished.

Mr. HORTON. I think with this system, the thing that bothers me is that the commanders certainly are going to try to stock or build up an inventory of items which he thinks that he might need.

General HEISER. Yes, sir.

Mr. HORTON. In other words, that is going to be the tendency.

General HEISER. Yes, sir.

Mr. HORTON. They like chocolate bars, there will be a tendency to build up a supply of chocolate bars. That is why I think the centralized system can take care of that type of situation, not let the CO build up the supply so we have them sitting around someplace not being utilized.

General HEISER. Or if he does want to build it up, at least there is going to be negotiation.

Mr. HORTON. He has to justify it?

General HEISER. Yes, sir; he is going to have to justify it, and at that point the Army Materiel Command in the Department of the Army really will then decide is the field commander going to have this exception to do something the Army Materiel Command says he should do or not.

HIGH PRIORITY REQUISITIONS

Mr. HORTON. One other question I have, and that has to do with this matter of priorities.

We heard some testimony the other day about requisitioning on a priority basis and really it should be classified high priority, but requisitioned on that basis. What are you doing to correct that situation?

General HEISER. Sir, I will be brief because it is in the record.

Mr. HORTON. Yes.

General HEISER. We have a challenging system and we are strengthening this challenging system beginning right at the unit commander level who initiates requisition. He has to review it before it becomes high priority, or his written designated representative has to approve high priority.

Now, sir, there are weaknesses in this challenge system because it relies on human beings and people make mistakes and errors in judgment. The fact is, priority requisitioning is being policed at the unit level.

Secondly, priority requisitioning is also policed at higher levels such as the 14th ICC. For example, the inventory control center in Vietnam today has a block, a machine block on nonessential types of high priority requisitions. Where we have a high priority because it is supposed to be a deadline piece of equipment in the hands of the soldier, we do not challenge the requisition at that point because it takes too long and you may have lost lives, et cetera. But where the requisition is not for a combat essential kind of equipment—for example, furniture, mess equipment for base camps, this sort of thing—right now the 14th ICC has blocked priority requisitions.

As a result of hearing the discussions that you all had here Monday, sir, I went back home the night before last and we sent out a wire saying why can we not further extend this challenge into other areas that would be noncombat essential so that we could be sure that we are not misusing priority requisitioning.

Secondly, sir, at the CONUS level, the NICP's have a responsibility for challenging when it meets a certain criteria, for example, if it is an exorbitant amount, in terms of past experience, et cetera, they challenge this.

And then, in the last analysis, at the port we have what we call Logistics Control Office, Pacific, which goes through what we call an evaluation process, and every shipment that involves 1,000 pounds or more, is evaluated every night. The 14th ICC in Vietnam is queried as to whether this is a valid requirement to begin with or has something happened that they no longer need it that fast.

And so, while it is not perfect, Mr. Horton, we do have a challenge system, and we have inspections to supervise the fact that we correct

those things that are not being done properly, and as I indicated in that wire the other night——

Mr. HORTON. I commend you, General, on your resourcefulness there and especially for taking immediate action after you heard the committee discussion of last Monday. I really want to commend you for taking immediate action. I think that will be very helpful.

I am sure you must agree with me that there is a need for restudy of this whole challenge system.

General HEISER. Yes, sir.

Mr. HORTON. In the Army, is there not?

General HEISER. Yes, sir; and we are in the process of reviewing this now, sir, and the action I took the other afternoon, sir, I have to submit, Mr. Horton, what I was doing was really the attitude of the Army.

We are not bulling our backs, because we have done it before we are going to continue to do it now. There is none of this resistance, Mr. Horton, and I would like to assure the committee of this, Mr. Chairman, and I think GAO really recognizes this too.

I think attitudewise, we are moving out.

Mr. HORTON. That is a very helpful attitude, General. I think it is very helpful.

PLANS FOR ADP SYSTEMS

Mr. ROBACK. Mr. Chairman, I would like to inquire whether this time phased plan is really a plan or a sort of prediction as to when some of these developments may be instituted.

General HEISER. Mr. Roback, I will turn it over to Mr. Taylor, but let me first of all say, sir, it is really both. What you see here are target dates that are part of an integrated plan.

Mr. ROBACK. Do you mean these target dates were prepared on June 25, 1968?

General HEISER. No, sir; they were taken from the latest status of the integrated plan, Mr. Roback.

Mr. ROBACK. What we are concerned about is that in your testimony you have recited various studies, various critiques and certain programs that you are working on, but it is hard to get a sense of the sequence and the timing; that is they have different time frames, there are different expectations as to when they will be put into effect. The question is, do you have a master plan or something that approximates that by which you are measuring milestones of achievement?

General HEISER. Yes, sir.

Mr. ROBACK. Does this purport to be that?

General HEISER. This really demonstrates the timing that is involved in those milestones, sir.

Mr. ROBACK. In calendar year 1968 in a narrative sense, Mr. Taylor, and briefly, what will you have in place, under this plan?

Mr. TAYLOR. As indicated in the columns, and I follow right down calendar 1968, commencing with SPEED, which is the depot program for AMC, the acronym there is "Systemswide Project for Electronic Equipment at Depots."

This program has been underway since 1965. It was the earliest of the AMC programs for standardization within the AMC complex, and it addressed depots.

Under this program SPEED, each of AMC's depots today has standard programs. When I say "standard" in terms of Mr. Horton's earlier query, we do in this case have a central programing entity located at Chambersburg, Pa. at the Letterkenny Army Depot, where all of the SPEED programs are developed and maintained. These programs are standard today within each of AMC's depots. This is very close to the type of thing that the Air Force has done before. So we have standardization in terms of the AMC depots.

Mr. ROBACK. What are you doing in 1968?

Mr. TAYLOR. We are——

Mr. ROBACK. Are you wrapping it up or merely restating what you already have?

Mr. TAYLOR. No, sir; SPEEDEX, which is "SPEED Extended," is a program that AMC has been working on now for a period of better than a year, which is an updating of the current programs under SPEED and an elaboration on them, an extension of them into other areas.

So in short this is a modernization of SPEED, and they are far enough along with it now that we know that by calendar 1970 we will be prepared to put in what will be I am sure larger gear, and it will accommodate more of the depot operations than are presently covered by Project SPEED.

Mr. ROBACK. What capabilities does that give you, just briefly? For example, what can you do with SPEED?

Mr. TAYLOR. Well, today with SPEED, within the AMC depots they are able to accommodate all of their receipt, storage, and issue operations, as well as coverage of their maintenance and production control processes. These are the primary areas that are accommodated.

Mr. ROBACK. This gives you depotwide control for commodity areas?

Mr. TAYLOR. Yes, sir.

Mr. ROBACK. Selected commodity areas?

Mr. TAYLOR. Yes, sir.

General HEISER. The important thing about this is this is on a standard basis whereas before the depots could do it to a greater or lesser extent depending on what they happened to have in their program at that time.

Mr. LUMAN. May I ask one question here?

VISIBILITY CONCEPT

Mr. ROBACK. Go ahead.

Mr. LUMAN. There seems to be a little bit of ambiguity in your statement about the long-range plan for the Army with regard to overseas visibility and overseas control. On the one hand we have the statement that the commander is on the ground and knows what he needs, and there is a tendency not to want to let AMC in on control.

On the other hand, in some of your high value systems, you actually do let AMC in on this kind of control. Then you point out the value of complete visibility and say you would like to have this, but you can't have it now because the computers at the NICP's aren't ready for it. We find out that you have a partial program of 1,700 items, but you are going to have a wait-and-see attitude and evaluate these next year as to whether or not they will be extended.

Do you have a firm plan? Has your logistics doctrine division decided at what stages you are going to attain what kind of visibility, or are you still searching around here?

General HEISER. Sir, the objective, the approved objective of the Department of the Army, is to central control to the extent that it will give us the most effective and efficient support of the combat soldier in the field. Now that is the stated objective.

What we have got to determine is what is that effective and efficient way of doing this. Now, for example, as we pointed out yesterday, we are talking about managing some 400,000-plus lines. We want to determine as a result of test, and this is not a static test, we are not going to wait and see. This will develop as it goes along. It is developing right now. It started out with about 1,500 lines, and it is already up to about 1,800 lines.

What we are attempting to achieve is to determine what can we do at the Army Materiel Command level in terms of worldwide management, and this involves both a technical, I should say a physical capability in ADP equipment and programs, and it also involves a management capability in terms of people who can look worldwide at the situation.

It also involves the question, and I have to say this now, sir, it also involves a question of not only could we do it with a Vietnam, but could we do it if we had something larger than a Vietnam, where people have to look with high priority in more than one direction, and this has to be involved in what we finally decide.

Mr. HORTON. General, could I interrupt there?

General HEISER. Yes, sir.

Mr. HORTON. Isn't there a problem, isn't there an obstacle, when you have this command organization? In other words, you still have superimposed on the problem the matter of command at these various levels.

General HEISER. Yes, sir.

Mr. HORTON. If you didn't have command at these various levels, then it seems like you could control it better from the central, from the top level.

General HEISER. Mr. Horton, in theory——

Mr. HORTON. Do I make my question clear?

General HEISER. Yes, sir; you do, and in theory this is 100 percent correct, sir. If everything could be relied upon to work perfectly, you can do this through central control and central management.

Our problem, sir, in the practical business in the field is that everything doesn't work perfectly and, for example, we must—let's assume that we have the capability at the national inventory control level and we are heading in this direction. Let's assume that, sir. Then we have to also assume that communications are going to be the kind of communications that we can depend upon.

Also involved in this then is the fact that we are going to be able to get real time reporting so that the people at the national level know exactly what happens in a place like Vietnam when it happens, to the closest extent we can. We are talking, for example, about the man commanding the Army Materiel Command here determining how many tanks are needed in Vietnam today.

Mr. HORTON. Let's leave out the combat equipment. Let's talk about noncombat equipment. There certainly can be progress made in those areas.

General HEISER. Yes, sir; there can. However, sir, I might add, and this is, of course, somewhat logical I would think, sir, and that is that the things that are most important to us in terms of money spent, and in terms of readiness of this country to defend itself, are the items that are in the combat field, sir, and these are the ones that the Army is primarily involved in managing, sir.

You see, the other type of items are primarily a management responsibilty, in accordance with policy of Defense Supply Agency and the General Supply Agency.

Mr. HORTON. I hate to hold up the plumbline of the other services, but they seem to be able to do it, and I am going to be interested in their testimony. I am not sure that I understand the problem that the Army has as opposed to the Navy and the Air Force.

General HEISER. Well, if I may, sir——

Mr. HORTON. And the Marine Corps.

General HEISER. I apologize for the other services, because I certainly don't pose as an expert, but as one of the people in the system, sir, I would like to indicate this, that it has taken them some time to arrive at the state of the art at which they now find themselves, sir, as this committee will hear. I am sure they have certain problems, and the Air Force and I must say, I said it yesterday, we are learning plenty.

I am learning plenty and the Army from the Air Force experience. They are helping us because they have tested out some of these areas for us.

But, sir, of the items that the Air Force have at their bases, half of those items at least I think or approximately half are not centrally controlled by the Air Force. They are base-funded items that are controlled in the field.

The centrally controlled items are the ones that are controlled by the Air Force, and to the extent that we can do this at our NICP's, we intend to get this at our NICP's, sir, to the extent that we have to have central management in order to have any efficient, effective system, as opposed to leaving the commander in the field with these prerogatives.

In the last analysis, sir, I believe that even the Air Force, that is managed centrally, but when that commander on the field has to do something he does it. You have to have a sufficient flexibility even in the centrally managed things that allow that man in the field to take initiative when he knows on the ground that that initiative has to be taken.

What we are at the point of arriving at, and I don't mean to make odious comparisions, but we are at the point of arriving at this through study, not delay, through study as aggressively as we can at what point do you draw this line.

We are not talking, and I have to say this, we are not talking a comparative few bases. We are talking about thousands of units, sir, and there is a real question of where do you draw this line, Mr. Horton, and that is what we have got to face up to, and that is what we are attempting to do.

I would like to restate again we are not going so far and stopping. This thing is moving terrifically fast, Mr. Horton, and there is a lot of momentum in what Mr. Taylor has talked about here, and we are learning every day and are putting these lessons right into these programs.

Mr. HOLIFIELD. I think the point was made yesterday, and to clarify what you have just now said, in the Navy the ships are self-contained units for accountability and utilization of material, and the Air Force has a relatively few bases in comparison to all of the stations. I think you gave a figure of something around 276.

General HEISER. 250, I think, sir.

Mr. HOLIFIELD. 250.

General HEISER. That may not be accurate.

Mr. HOLIFIELD. 250 for the Army as compared with much smaller numbers——

General HEISER. No, sir; I was comparing yesterday some 2,500 Army units whereas the air bases, which are an integral unit have, as I understand it, around 32 bases in the Pacific.

Now, I am not saying what they are doing is wrong. I am saying for their peculiar circumstances it is right, and to the extent that it is right for them we want to use it where it is right for us, and there is no question about it.

Mr. HOLIFIELD. But what you are saying is that you have a much greater problem in scope.

General HEISER. Yes, sir; volume, sir.

Mr. HOLIFIELD. In volume.

General HEISER. Density.

Mr. HOLIFIELD. And in locations.

General HEISER. Yes, sir.

Mr. HOLIFIELD. Where inventory is amassed and utilized.

General HEISER. Yes, sir, and I would like to add, sir, beginning with the basic directives of what is authorized at the lowest unit in the Army, we are trying, as I indicated slightly in this prepared statement, we are trying to keep to a minimum those things that we proliferate throughout all the Army units, and keep at that level only those things that they have got to have, and those things that we know they only use less frequently, move those further back into the system providing for this centralized management at each higher level as we talk, sir.

PLANS FOR ADP SYSTEMS

Mr. ROBACK. Mr. Taylor, you are somehow having difficulty getting through this thing. Can you give us a little rundown? What do you hope to accomplish here briefly through these programs?

Mr. TAYLOR. First of all, I would like to address one question that you had asked just before we had the last discussion. That is that the plan that you see before you dated the 25th of June is no more than a recap of the basic Army plan which is supported by individual plans for each of these primary programs.

Mr. ROBACK. If I went to General Heiser's office, would he have a big wall chart with milestones on it saying by calendar year 1968 we do this and each quarter, subdivided by quarter, he can measure progress and know where he stands, or are these what you might call anticipations and expectations about improvements along different time frames in the future? That is the thing we are grasping for.

Mr. TAYLOR. No.

Mr. ROBACK. That we are grappling with. What is the Army program here? Do they have one? Maybe they don't. Maybe it is not

practical. But I am asking you, does this purport to be a master plan for achieving logistics system standardization, worldwide visibility, the optimum in communications, data handling and all else that goes with logistics?

You have said in various places, General Heiser, that you are striving toward various kinds of standardization. It is hard to get an idea where you stand today, and where you are going to be a year from today.

General HEISER. Well, sir, for example, today at the field unit level, the direct support level, we have a standard program called the National Cash Register 500, which happens to be the equipment we are using. There are 50 of these in Vietnam. These are being extended throughout the Army as a whole.

This is a standard program. The program was written at Fort Lee, and the teams that went out and assigned with the equipment were trained at Fort Lee, and this is the beginning of a standard equipment at the direct support level.

We also are right now in the process of establishing—first of all, as was brought out yesterday, we have a standard system in the Pacific, which is at the inventory control center level, which is also being extended into Vietnam in the combat zone, because now we know what it can do, and it has been put into Vietnam in a combat situation. We didn't want to put it in there until we were sure it would do the job.

Unfortunately that is a system that was standardized in the Pacific, across the subordinate commands. We do not have that system presently in Europe, but today presently we are examining in Europe, and at our level here, why is a system that is presently in the Pacific not good as a basis for the system in Europe.

Now here again we run into the dynamics of the problem. At the same time this is a short-term answer, really, because at the same time we have one of these projects here which is examining to determine, a study to determine what should the standard system be, based upon the third generation equipment, et cetera, of ADP both at what would be called an inventory control center level in the CONUS armies as well as the overseas armies.

And so you see, what we are doing, we are in a dilemma of trying to improve the current systems to the maximum extent. At the same time we are trying to standardize in terms of the far-reaching future. And, John, you might want to elaborate on this, but this is the way we are going.

Mr. ROBACK. The problem is to identify what can be accomplished within a designated time frame and then to measure whether you are doing it, and these other problems you have to determine what kind of system or what kind of equipment or even what kind of problems you want to solve.

Some studies are addressing themselves to what the automatic data processing equipment looks like maybe in the 1980's, or what the transportation facilities looks like in the 1970's. But there are some things that you know you ought to do, and you can do, given the existing state of the art, and the question is what are they, and do you have them posted on your wallboard.

Mr. TAYLOR. Yes, sir. We have these data.

Mr. ROBACK. Can I go to your office and can you point them out on the board?

Mr. TAYLOR. My own office doesn't have it.

Mr. ROBACK. Which office does have it on the board?

Mr. TAYLOR. The office of the Assistant DCSLOG (DSR) has these data.

Mr. ROBACK. What is the room number in the Pentagon?

Mr. TAYLOR. General Miller's office. Room 3E–561.

Mr. ROBACK. Will you show me on a great big board and subdivided yearly by quarters, and say that we are going to do this in this term?

Mr. TAYLOR. I will not be able to show it to you on a huge board. I can show it to you in terms of specific milestone charts for each item that you have before you right now.

Mr. ROBACK. You have a vacant wall that you can put a board on?

Mr. TAYLOR. I would be very happy to do so.

Mr. ROBACK. And put this on?

Mr. TAYLOR. Yes, sir.

Mr. ROBACK. Then it will become visible to other people.

Mr. TAYLOR. The data are available to you, Mr. Roback, and we can provide them to you as a follow-on to this session. We have detailed milestone charts for each one of the programs that you see here.

Mr. ROBACK. You can give us those, and I suggest that with regard to this presentation, to make it intelligible to the lay reader or at least the readers who will peruse the record, to restate this in a narrative form, stating what you are trying to accomplish with these programs, to what extent they are in being, and how they look down the road.

Mr. TAYLOR. Yes, sir.

General HEISER. May I point out that I asked Mr. Taylor to devise this graphic quickly, sir.

Mr. ROBACK. I understand.

General HEISER. So that we would at least have something to talk to.

Mr. ROBACK. But I didn't want the impression to be left that the master plan was drawn up today for the purpose of the hearing.

General HEISER. No, sir.

Mr. TAYLOR. It most assuredly was not.

General HEISER. This was just this chart drawn up today, sir.

SUPPLY PROBLEMS IN VIETNAM

Mr. ROBACK. We are going to have to conclude. The chairman has to leave. Before General Jones gets underway, Mr. Chairman, I would like to ask him for his observations about the General Accounting Office report on Army supply in Vietnam that came out a day or two ago.

Are you familiar with that report?

General JONES. Yes, sir; I am.

Mr. ROBACK. Do you concur generally in its findings?

General JONES. At the time the General Accounting Office made that investigation, I concurred generally in its findings as to the conditions. Those are not the conditions today.

Mr. ROBACK. Do you think that conditions have changed?

General JONES. I do, sir.

Mr. ROBACK. Is there any way, I mean has that been reported? Have you responded to the General Accounting Office on those changes?

General JONES. We have not responded with respect to the progress that has been made. We have responded with respect to what we are doing about their observations.

Mr. ROBACK. Can you undertake, I know you are leaving here, but can the office or the Army undertake to make some response to the matters that are in the GAO report as to what is changed, what progress has been made since that time?

General HEISER. Sir, if I may answer that question, we of course have not gotten the formal report which was I believe distributed on Friday. I would assume that we will make, we will have a chance to comment on the formal report.

Mr. ROBACK. This is not a draft report. This is a blue book to the Congress now, and you don't have any more chance to comment to the GAO on this thing. So we are giving you an opportunity to comment to us on it.

General Jones, in what respect would you say that this thing doesn't give the right picture now?

General JONES. Well, let's talk about excesses.

Mr. ROBACK. All right.

General JONES. Alleged excesses. We admitted excesses, we, the Army. We admitted them in Vietnam. We are in a huge program at the present time to identify those excesses, and to retrograde those excesses from Vietnam.

The General Accounting Office pictures that I believe are in their report were generally taken at the Saigon depot, and especially at the so-called fish market which is——

Mr. HOLIFIELD. At about what time, what dates?

General JONES. Those were in the fall, sir. I can't give you the exact date, but they were there during the period, they were just winding up at about my arrival. They wound up about November.

Mr. ROBACK. Of what year?

General JONES. So it is something before 1967.

Mr. ROBACK. 1967?

General JONES. But the pictures you see there of the fish market are not true pictures today.

Mr. HOLIFIELD. In other words, there is no more fish market today?

General JONES. There is a fish market, sir.

Mr. HOLIFIELD. But not stacks of materiel there?

General JONES. There are stacks of materiel, but we know what that materiel is.

Mr. HOLIFIELD. You have not classified it, identified it?

General JONES. We have, sir. It is in good storage conditions. It is warehoused properly. That which we did not need in Vietnam has retrograded to Okinawa. We have from the fish market alone retrograded 30,000 tons of items that, (a) were either excess, or (b) that we could not identify and were sent to Okinawa for proper identification, proper repackaging, so that they could be used other places in the Army or even perhaps brought back into Vietnam in some cases.

We are doing this in all the depots, but our emphasis has been on the Saigon depot, because that was especially where the General Accounting Office took their pictures and did a lot of their work. But we are doing this in other depots with respect to excesses.

That particular area of the fish market, and I know it perfectly, I have walked it hundreds of times, is completely cleaned out, as I mentioned, as far as this junk is concerned. We are still using the fish market.

We are relocating at this time the entire Saigon depot from its current locations to a new location at Long Binh, which is now under construction, and the fish market has particularly been stocks of repair parts, and those also are being relocated and physically moved at the present time.

So that by 30 September we will have relocated from the fish market 50 percent of our stocks, and by March 31, based on a directive from MACV, we will have relocated all of the Saigon depot from the fish market area to its new depot location at Long Binh.

Now, with respect to getting a handle on the inventory, they alleged, and properly so, that we did not know what we had, accurate counts. I am not saying that today we know that in every Federal stock number what we have by accurate counts.

I can say we have made significant progress in first cleaning up our storage areas; second, getting those commodities properly located so that we could find them when we need them; and, third, physically counting those items and having that counting accurately reflected on the tape at the computer.

As I say, we are not 100 percent, and I can't give you a feel on what percent we have finished up, but we are counting every day, sir. But we are finding errors every day. Humans are human.

General HEISER. Again I would like to put it in context, sir, in terms of the volume that we are talking about. We are talking about approximately 1 million short tons of supplies sir, and what General Jones is emphasizing is the fact that again we are moving out to improve our supply management and our storage and our depot operations, and as is always the case, there is room for improvement, and in this particular case, sir, there was definite room for improvement, because of the way in which this war has grown up, and the fact that we put in combat troops to do the job first.

Logistic troops came in in not sufficient amounts to begin with. We had a discharging of ships problem, as you will recall, about a year and a half ago.

We discharged ships very fast. We shipped stuff from the United States with a sense of urgency to support the combat soldiers; and, sir, we just didn't have a balanced capability to receive it and handle it on the far end.

Mr. HOLIFIELD. Nor the facilities.

General HEISER. Nor the facilities.

Mr. HOLIFIELD. I want to ask you a couple of questions. Are you going to be stationed here in Washington for a while?

General HEISER. No, sir. This is my last day in Washington.

Mr. HOLIFIELD. This is your last day in Washington?

General HEISER. Yes, sir.

Mr. HOLIFIELD. You are going where?

General HEISER. I am going to Southeast Asia. I am going to be assigned with General Jones.

Mr. HOLIFIELD. Both of you then will be leaving to go out there?

General HEISER. Yes, sir. However, sir, I can delay at the convenience of the committee. I will change my schedule, sir. That is what I am being paid for.

General JONES. Sir, we were criticized for not redistributing stock between depots. I would like to point out during so far this fiscal year we have redistributed about $110 million worth of stocks among and between our depots, so that if depot B did not have a particular item he needed, and it was available in depot A, depot B came to depot A rather than back to the United States for that item.

Mr. HORTON. Mr. Chairman, I am not sure I understand. General, have you been reassigned?

General HEISER. Yes, sir; I am being assigned.

Mr. HORTON. And General Jones is going to be gone also. Who is going to be running this?

General HEISER. General Klingenhagen, sir, that I introduced yesterday, is my deputy now; and for my present job tomorrow he becomes chief, sir.

Mr. HOLIFIELD. That is the second bell. We have to answer the quorum call. We are going to adjourn now. I think it is going to be necessary for us to have some additional Army testimony; but I certainly wouldn't want to be responsible for keeping you gentlemen from your assignments. So we might have your successor.

We might call him and his staff back and go into some matters that we haven't been able to get to. But as I say, we do not want to interfere with your assignment. You are planning to go out right away, too, are you?

General HEISER. Sir, I was going out right away. I was going to take what I think is some leave that is deserved en route with my wife. So I have some flexibility, sir. It will simply mean I leave later, that is all, sir.

Mr. HOLIFIELD. We wouldn't take your leave away from you. I am sure you have earned it.

General HEISER. But, sir, I am dedicated to what I am doing, Mr. Chairman.

Mr. HORTON. You are leaving anyway. We ought to get the other general.

Mr. HOLIFIELD. We will stand adjourned at this time, and I will have Mr. Roback confer with you about some arrangements for some future testimony, without interfering with your assignment.

General HEISER. Thank you.

Mr. HOLIFIELD. Thank you very much.

General HEISER. The question is, sir, has General Jones answered your question that was asked sufficiently?

Mr. HOLIFIELD. Not in the detail probably that we want, but if you could stay and talk with Mr. Roback for a little while, he will go into this a little bit further.

Mr. ROBACK. Can you submit to us a commentary on this?

General JONES. Item by item on what has been done since the report.

General HEISER. May I take this on for the Department of the Army?

Mr. HOLIFIELD. Yes.

General HEISER. And indicate, sir, that we will be responsive to the question of what has occurred since then.

Mr. HOLIFIELD. And will it be all right with you for us to keep the record open for such questions as we have prepared here, and we will submit them to you and get a response in writing.

General HEISER. All right, sir.

Mr. HOLIFIELD. So it can be properly a part of the record.

General HEISER. Yes, sir; that is certainly all right.

Mr. HOLIFIELD. Thank you very much, and good luck to you in your assignment.

The meeting is adjourned.

(Whereupon, at 11:28 a.m., the committee was in recess, to reconvene at 10 a.m., Thursday, June 27, 1968.)

MILITARY SUPPLY SYSTEMS

THURSDAY, JUNE 27, 1968

HOUSE OF REPRESENTATIVES,
MILITARY OPERATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:15 a.m., in room 2247, Rayburn Building, Hon. Chet Holifield presiding.

Present: Representatives Chet Holifield and Horton.

Also present: Herbert Roback, staff administrator; Douglas Dahlin, counsel; Joseph Luman, defense analyst; and Paul Ridgely, investigator.

Mr. HOLIFIELD. Off the record.

(Discussion off the record.)

Mr. ROBACK. We will have meetings on Monday and Tuesday, Mr. Chairman, and we will ask the DSA people to be here then. We may want to recall the Army. We will see how it works out.

Mr. HOLIFIELD. This morning we will proceed with your testimony, Admiral Cosgrove.

The committee will be in order and you may proceed.

STATEMENT OF REAR ADM. PAUL F. COSGROVE, JR., SUPPLY CORPS, U.S. NAVY, DEPUTY COMMANDER, NAVAL SUPPLY SYSTEMS COMMAND FOR SUPPLY OPERATIONS; ACCOMPANIED BY COMDR. RICHARD N. DREESE, SUPPLY CORPS, U.S. NAVY

BIOGRAPHY OF REAR ADM. PAUL F. COSGROVE, JR., SUPPLY CORPS, U.S. NAVY

Paul Francis Cosgrove, Jr., was born in Augusta, Ga., on July 14, 1918, son of Paul F. and Eleanor (Brosnan) Cosgrove. He graduated from the Georgia School of Technology at Atlanta with the class of 1939 and received the degree of bachelor of arts in industrial management. Commissioned ensign in the Supply Corps of the U.S. Navy on January 18, 1940, he subsequently advanced in rank, attaining that of rear admiral, to date from July 1, 1967.

Upon receiving his commission in 1940, he reported for instruction at the Supply Corps School, Philadelphia, Pa. He completed the course there in September of that year, and was assigned as disbursing officer on the staff of Commander Destroyer Division 80. He continued to serve in that capacity until October 1941, after which he had duty as outgoing stores officer (issuing shipment) at the Naval Air Station, Pearl Harbor, Territory of Hawaii. He was in that assignment when the Japanese attacked the naval base there on December 7, 1941.

During the period June 1944 until September 1945 he was supply and commissary officer at the Naval Air Station, Vero Beach, Fla., and following similar duty on board the USS *CABOT*, he reported in June 1946 as stock control division officer for aircraft engines and propeller parts at the Aviation Supply Office, Philadelphia, Pa. In August 1948 he became stock control officer at the Electronics Supply Office, Great Lakes, Ill. He was assistant to the inventory control division

officer in the Bureau of Supplies and Accounts, Navy Department, Washington, D.C., from July 1950 until July 1954, and then had instruction at the Naval War College, Newport, R.I.

In July 1955 he reported for duty in connection with J–4 plans at Headquarters of the Commander in Chief, Europe and in July 1957 joined the staff of Commander Cruiser-Destroyer Force, Pacific as force supply officer. In August 1959 he reported for duty as planning officer and comptroller, Naval Supply Center, Norfolk, Va., and later became executive officer. On January 11, 1962 he was ordered detached for duty as deputy commander of the Military Industrial Supply Agency, Defense Industrial Supply Agency, Philadelphia, Pa. In August 1965 he assumed command of the Naval Fleet Material Support Office, Mechanicsburg, Pa. On August 18, 1967 he became the deputy commander, Supply Operations, Naval Supply Systems Command.

Rear Adm. Cosgrove has the American Defense Service Medal; American Campaign Medal; Asiatic-Pacific Campaign Medal with one star; World War II Victory Medal; National Defense Service Medal with bronze star; Army Commendation Medal and the Defense Joint Services Commendation Medal.

His official home address is 72 Delmont Drive, Atlanta, Ga. His wife is the former Catherine Conway of Philadelphia.

Admiral COSGROVE. I am Rear Adm. Paul Cosgrove, Deputy Commander of the Naval Supply Systems Command for Supply Operations.

In the interest of saving time, and with your concurrence, sir, I propose to briefly summarize the major points in my statement, and then submit the complete statement for the record, and will be prepared to answer questions.

Mr. HOLIFIELD. The complete statement will be printed in the record at this point.

(The complete prepared statement of Admiral Cosgrove follows:)

PREPARED STATEMENT OF REAR ADM. PAUL F. COSGROVE, JR., SC, USN, DEPUTY COMMANDER, NAVY SUPPLY SYSTEMS COMMAND FOR SUPPLY OPERATIONS

Mr. Chairman and members of the subcommittee, it is a pleasure to be here with you and to have the opportunity to present some aspects of Navy supply operations.

Today I plan to outline for you some of the basic considerations involved in managing the Navy supply system. I will be touching on the nature of the inventory we manage, the manner in which our stocks are distributed, the channels through which our requirements flow and the centralized control system that we utilize to manage Navy-wide inventories. I will close with a brief rundown on our supply support in Vietnam.

To begin with let me state the obvious—that the Navy supply system is basically designed to provide necessary support to ships and aircraft wherever they may be deployed throughout the world. The mobile forces that we support require a supply system that has the necessary flexibility and mobility within itself to cope with rapidly changing operational situations as our customers move.

In speaking on the Navy supply system I will be speaking primarily of the system by which we provide the repair parts and consumables to support the Navy's 930 ships and 8,700 aircraft.

Responsibility for centralized direction of the Navy supply system is assigned to the Naval Supply Systems Command, operating under command and policy direction from the Chief of Naval Operations and the Chief of Naval Material. This responsibility encompasses Navy-wide policy determination regarding inventory management of secondary items and procedural direction for stock points afloat and ashore.

Within the Navy supply system we manage wholesale stocks of about 850,000 line items valued at a little over $3½ billion. Our annual sales run at about $2 billion.

The material managed by the Navy is predominantly technical in nature—that is material that is directly related to a weapons system. As you know, essentially all the general consumable material used by the Navy is now managed at the wholesale level by the Defense Supply Agency or the General Services Adminis-

tration. Accordingly, almost all the material we deal with on a systemwide basis is an integral part of a ship or aircraft or of the electronic and armament systems associated with these weapons.

As a result of the factors I have just noted, the line items in our inventory tend to have a high unit price, long procurement leadtime, erratic and relatively low demand. A great many of the items that we manage are what are termed as insurance items. That is they have high military essentiality and unpredictable demand patterns. Items of this type require specialized inventory control techniques as do repairable items which constitute a constantly increasing percentage of our total stock assets. At present about 10 percent of our line items are classified as repairables—meaning that they are returned to some central point (either Navy or contractor operated) for repair upon removal from operational use. The significant point however is that this 10 percent of our line items cover about 50 percent of our inventory dollar value so we obviously are heavily involved in the management of repairable items.

As I indicated earlier the Navy supply system operates under the central direction of the Naval Supply Systems Command. The line item management function is actually carried out by three Navy ICP's (inventory control points)—the Aviation Supply Office at Philadelphia, the Electronics Supply Office at Great Lakes and the Ships Parts Control Center at Mechanicsburg, Pa. Each of these inventory control points is responsible for managing inventories of line items assigned. In a few minutes I will provide you with a more detailed description of how these ICP's accomplish their systemwide item management function. Having briefly outlined the nature of the inventory we manage, I would now like to indicate how our inventory is distributed. Up to this point I have been discussing only Navy managed items. In speaking of our distribution system, however, I will be broadening the discussion to include all stock necessary for our operations including Navy retail stock of items managed by DSA and GSA on a wholesale basis.

The Navy maintains three echelons of supply designed to meet the flexible needs of fleet operations throughout the world. One of the primary objectives of the Navy supply system is to provide maximum feasible endurance to fleet units. That is, to permit individual ships or groups of ships to operate without outside support for periods of time as specified in policy guidance by the Chief of Naval Operations. The requirement for self-sustaining ship and task force endurance with its obvious military advantage gives rise to the first two echelons of supply which are afloat.

The first echelon of supply is those stocks placed aboard an individual combatant ship for its own use. The range of these stocks is tailored to the individual ship and is based on the ships hull type, the installed equipments, relative military essentiality of the ships systems, the self-maintenance capability of the ship and the size of its crew. The categories of material carried include: equipment related repair parts, general purpose industrial material, consumables, food, fuel, and ammunition.

The items to be carried by a ship are specified in an allowance list individually prepared for the ship concerned. Allowance lists generally provide for 90 days' endurance whenever feasible in light of shipboard space restrictions. In addition to 90 days' endurance the allowance list also provides essential insurance type repair parts where demand cannot be determined in terms of days of supply.

The requirement for supporting fleet units operating for long periods of time many thousands of miles from their home ports requires that a second echelon of supply be available in mobile form that can move with the fleet. The Navy mobile logistic support force consisting of repair ships, tenders, oilers, ammunition ships and stores ships provide this second echelon replenishment capability. In general this force carries 90 days' fleet usage although the figure varies based on the commodity involved. It has been necessary to augment this stock in the Pacific with stock ashore due to the accelerated tempo of operations far from CONUS resupply sources. This has not been necessary in the Atlantic/Mediterranean area.

The third and last echelon of supply is that maintained by Navy stock points in the continental United States. These continental U.S. stock points are located primarily at tidewater points and carry out the dual role of supporting ships and aircraft operating in coastal areas and supporting Navy industrial activities such as Navy shipyards and aircraft overhaul and repair activities. In addition, they provide backup and replenishment support to deployed forces.

Third echelon stock points receive most of their Navy-managed stock directly from commercial sources as a result of contract allocations by the ICP. To the maximum extent possible stocks are placed close to the user. However, due to the technical nature of our inventory, many of our items have extremely erratic demand which precludes accurate prediction regarding place and time of need. Items of this nature are generally held by the controlling ICP at one or two U.S. stock points and shipped to the customer at the time the need arises.

With this outline of the distribution system as background I would now like to turn attention to the manner in which our demands are channeled to the inventory manager.

Navy requisition channels are strongly influenced by the constant movement of the customer and the necessity for keeping shipboard supply procedures as simple as possible. With these two factors in mind it becomes apparent that the simplest system is to have ships submit their requirements to the nearest stock point who will either furnish the required material or take action to obtain it from another source. If the stock point has the required material it simply issues it directly to the ship. If the stock point does not have the required item it normally forwards the requirement to the proper inventory manager. If the item is available at another stock point, the inventory manager refers the requirement to the stock point for direct shipment to the requiring ship. If the item is not available in the supply system, it is backordered or procured for direct shipment depending on urgency of the requirement.

In utilizing the requisitioning system I have described, the ship is relieved of the necessity for determining the central inventory manager for each item and is assured of receiving material at its current location if it is in fact available there. Ships which are deployed overseas, forward requisitions to elements of the mobile logistic support force that are serving their area. For information, we have 6 AKS- and AFS-type general stores and repair parts issue ships in the mobile logistic support force. The load for these ships is tailored to provide support for high-usage items and therefore a high percentage of the requirements of customer ships for these items are satisfied by the stores issue ships. The mobile logistic support force is replenished from the major tidewater stock points at Norfolk and Oakland. Major shore activities in the continental United States are replenished automatically by Navy ICP's for items which they manage. Retail stocks of DSA and GSA material are requisitioned directly from the appropriate DSA/GSA center.

Having provided a broad overview of what we manage in the way of stock, and how it is distributed, I would now like to move into a little more detail as to how we manage on a centralized system basis. In brief the policy which governs this system is developed at the headquarters of the Naval Supply Systems Command. This policy is implemented by means of a centrally designed and programed automated data processing system. The Navy's UADPS (uniform automated data processing system) for supply management provides for central system management of over 850,000 items by our three ICP's.

The objectives of UADPS are to achieve more effective management control of systemwide assets and to provide increased capabilities for responding to the needs of the Navy, especially in the area of fleet support. UADPS is a complete and comprehensive automated supply operations management system for repair parts and consumable items. Principal functions affected are requisition processing, transaction item reporting, requirements determination, purchase, catalog/load list/allowance list maintenance, provisioning, shipment planning, receiving, and financial control. UADPS programs have been developed and implemented at ICP's, stock points and aboard our larger ships, such as those referred to earlier as mobile logistic support force ships.

A uniform ADP system has been developed for the inventory management of repair parts at the three Navy inventory control points: (1) Aviation Supply Office, Philadelphia, Pa.; (2) Electronics Supply Office, Great Lakes, Ill.; and (3) Ships Parts Control Center, Mechanicsburg, Pa. The ICP's use uniform ADP programs and will eventually be placed on direct computer-to-computer communication with their respective distribution systems. The inventory control applications (transaction item reporting, requirements determination, etc.) are now operational: The weapon systems support applications (allowance list maintenance, provisioning, etc.), which are currently being piloted and will be fully operational in fiscal year 1969, will provide weapon system support intelligence as well as supply management item control.

The major eight naval supply centers/depots utilize compatible electronic digital computers/programs and are linked into the UADPS ICP system via Autodin. The stock point system has been operational since 1965. The immediate specific objectives are to refine existing UADPS stock point programs, to incorporate the new DOD Mil Standard programs, to extend UADPS to overseas NSD's to implement the area supply support concept, and to develop UADPS programs for other stock points, thus extending UADPS to other echelons of logistic supply support.

The UADP system for shipboard supply and accounting operations is being refined and extended to all major ships. The objective is to provide a shipboard supply system that is completely compatible with the automated supply systems ashore.

The three segments of UADPS for supply management are tied together into an integrated operational system, including the necessary interface with DSA and GSA.

A unique feature of UADPS is the built-in capability to manage inventories on a weapons system basis as well as on the usual commodity item basis.

Worldwide asset visibility of high value items is one of the special features. A high value item is one that has a unit price of $1,000 or more and has approximately $50,000 annual demand. Some 6,000 items in the Navy inventory now fall into this category. For these items, the inventory control point is the center of the system and maintains complete asset visibility right down to the shipboard level. Movement of high value items to and from ships and the stock points are reported directly to the ICP.

To achieve an optimum balance between economy, and the assurance of adequate support from our inventory levels, we have built into UADPS two sophisticated inventory models.

One model tells us how much to buy utilizing economic order quantity theory based upon ordering cost and holding cost tradeoffs.

The other model tells us when to buy. The computation of our reorder points is based upon the degree of risk that we are willing to accept of being out of stock. The prime tradeoff factors are unit cost and military essentiality. By varying the risk, we in effect can control our inventory levels.

Our overall goal, of course, is to maximize supply system effectiveness. Or to put it another way, to maximize fleet support. However, this always must be done within funding constraints. Therefore, by periodically sampling our inventory with varying risk factors we can determine the necessary parameter settings for our supply demand reviews to maximize effectiveness within dollars allocated.

These models are now part of the standard UADPS package.

The UADP system has reduced our processing times considerably. For example, a stores issue ship can prepare replenishment requisitions in 30 minutes compared to 16 hours under a manual system. Improvements of the same magnitude at stock points and ICP's under UADPS have also been realized.

Finally I would like to comment on supply support in Vietnam.

Navy supply support in S.E. Asia of course has two distinct aspects—first support of the 7th Fleet and secondly support of ground, coastal and riverine forces from within Vietnam.

Support of the 7th Fleet has been entirely within the framework of our normal fleet support doctrine utilizing the mobile logistic support force supplemented by overseas bases at Subic Bay, Yokosuka and Guam. While it was of course necessary to build up stocks, particularly at Subic Bay, to support the greatly increased number of ships operating in the South China Sea, no significant departures from normal support doctrine have been necessary. The first and second echelon stocks that existed in the Pacific are of course what gave us the time to build the necessary stock levels following the rapid buildup of demand; thus no critical stock shortages of a widespread nature developed with respect to 7th Fleet support.

The situation with regard to Navy support of forces operating within Vietnam presented an entirely different aspect than 7th Fleet support in that much of the support required was for forces not previously deployed to the Western Pacific. Again however, procedures used to support existing Navy overseas bases were applied in establishing the Navy Support Activities at Danang and Saigon with successful results. These two major Navy stock points in Vietnam operate under essentially the same supply support concepts as the bases at Subic Bay

and Yokosuka. Generally, requisitions from Danang and Saigon flow directly to the Naval Supply Center at Oakland which either fills the requirement or takes action to provide material by other means. For example: An operating unit in Vietnam would submit its requisition to NSA Danang. Over 90 percent of the time the item would be issued from on-hand stocks in Vietnam. If the item was not available, however, the requisition would be passed directly to NSC Oakland for supply or subsequent referral to the ICP for selection of an available source of supply or alternate supply action, I.E., backorder, spot buy.

There can be no question that problems and critical supply situations developed in the early stages of Navy support operations in Vietnam. However, we feel that our organizational structure provided the flexibility to meet the many problems we faced in this difficult operation. Solutions were generally found within the normal organizational chain and no major reorganizations or disruptions of normal support channnels were required. In short, we feel that the system generally proved itself responsive to the needs of the Navy in the Pacific.

Admiral COSGROVE. In my statement, I first provide a brief description of the nature of the inventory that the Navy manages. The key point is most of our items are repair parts related to systems or equipments, since the majority of the consumables that were formerly managed by the Navy are now managed by the Defense Supply Agency or the GSA.

The Navy Wholesale Inventory is managed by three inventory control points, the Aviation Supply Office at Philadelphia, the Electronic Supply Office at Great Lakes, and the Ships Parts Control Center at Mechanicsburg, Pa. Each of these inventory control points has worldwide responsibility for managing items assigned to them. These functions include determination of requirements, procurement, distribution, maintenance of master asset records, and disposal.

We have 850,000 items managed by these three inventory control points. Our inventory is valued at approximately $3.5 billion, with sales of about $2 billion a year.

The intelligence to carry out this centralized management function at the inventory control point is provided through daily transaction item status reports from major stock points.

Next, I describe the manner in which our inventories are distributed in a three-echelon system. The first echelon is aboard each combatant ship. Each ship has a tailored allowance of repair parts, consumables, that they carry aboard the ship.

The second echelon is carried primarily in our mobile logistics support force ships. These are supply issue ships, reefers, tenders, oilers and so forth, that move with the fleet and replenish them on station underway afloat.

We also have some of our second echelon stocks in the Pacific ashore. We found even before Vietnam that the mobile logistics force, due to the geographical dispersion of the fleet that the number of supply ships available could not entirely support them.

Finally, our third echelon, by far the largest, is at major continental stock points, generally located at tidewater areas. They support overseas activities as well as continental U.S. industrial activities, such as Navy shipyards and Navy aviation repair facilities.

Next, I want to recap the manner in which our requirements flow; and, to simplify this, our ship and shore activities submit requirements directly to the nearest major stock point. If the requirement is filled, that is the end of it. If the material is not available there, it is passed on to the inventory manager, who then selects another

source of supply or procures the item for direct delivery to the end user.

Following this description of the basic structure of our system, I attempted to provide some insight into the manner in which we exercise centralized control over both inventory control point and stock point operations. This centralized control is effected through the use of packages of automated data processing procedures that are centrally designed and programed and maintained under the direction of the Naval Supply Systems Command.

Specifically, there are controlled programs in operation at all continental U.S. naval supply centers, which cover all of their normal functions; receipt, storage, issue, accounting, maintenance of records, and reporting of material to the appropriate inventory control point.

These stock point programs were implemented and fully operational in 1965. In addition, we have standard program packages in operation at our inventory control points. We are not complete here. We have implemented what we term the inventory control series. This includes requisition processing, requirements determination, supply/demand review, procurement, and maintenance of worldwide asset records.

We still have a very major package to put on at our inventory control points, which we refer to as our weapons systems file. This file has been 18 months in design and programing. We have it on a pilot basis at the Electronics Supply Office, Great Lakes. The Electronics Supply Office was the only ICP that had the computer capacity at the time we put it on in March. We will run this through August. Hopefully, if the quality is what we hope and expect, we will then implement it at the Ship Parts Control Center in December of this year, and at the Aviation Supply Office, probably, about June of next year. This will give us a capability to budget and manage strictly by weapons system.

Today, we are primarily on an item commodity basis. We do some management on a weapons system basis; but it is a very laborious effort to extract parts that are peculiar to a particular weapons system.

We also are developing a uniform automated data processing system for use aboard our larger ships. We have four or five ships now in operation and this will be extended, I think, ultimately, to somewhere in the neighborhood of 50 to 60 ships. These are primarily the tenders, repair ships, aircraft carriers, supply issue ships, and so forth.

In concluding the statement, I provide a brief summary of our efforts in support of Southeast Asia operations. Our responsibilities in this area are twofold:

First, support of the 7th Fleet.

And, next, support of various forces within Vietnam.

Of particular interest here is that the Navy has responsibility for common item support of all forces in the I Corps tactical zone. We do this through the Navy support activity at Danang.

The major point I want to make here, however, is that the procedures and policies which we had in effect prior to 1965 proved capable of orderly expansion to support the current tempo of operations in Vietnam, and we have had no need to change basic doctrine, policy, organization, or procedures in carrying out this effort.

Of course, we experienced a number of critical supply situations in the early stages of the Vietnam operation; but we have not had any serious breakdown in supply support, and we feel that the current operation organization has been fairly successful. This concludes the brief summary I have, and I will be glad to attempt to answer any questions you may have, sir.

Mr. HOLIFIELD. Mr. Roback.

Mr. ROBACK. Admiral Cosgrove, in your statement, if I may refer to it——

Admiral COSGROVE. Yes, sir.

WEAPON SYSTEM SUPPLY MANAGEMENT

Mr. ROBACK. You say that you have a unique capability to manage inventories on a weapons system basis as well as on a commodity basis. Is this unique to the Navy?

Admiral COSGROVE. I don't know. It is unique to us, I mean within the Navy. We haven't had this capability in the past, except to a very limited degree. We had it in aircraft engine repair parts for some time now, but we have gone more, as you know, Mr. Roback, to project manager support, such as the Polaris program, the surface missile program, and various programs; and while we can, as I mentioned in my brief, manually extract parts that are peculiar to a given weapons system, or missile system such as Poseidon, it is not an economic approach or a very responsive approach.

When we get this weapons system file loaded and operable, we will, on a real time basis, be able to extract any information in regard to these weapons, the usage rate on these parts for example, and therefore be able to orient our management more towards this than to the past commodity item management basis as we do it today.

Mr. ROBACK. The inventory control points—are they broken down into commodity areas?

Admiral COSGROVE. Yes, sir; the Aviation Supply Office has responsibility for all aircraft repair parts, the Electronic Supply Office, for all electronic items peculiar to the Navy, and the Ships Parts Control Center for ships and ordnance parts.

Mr. ROBACK. Are the stock points segregated by commodity item?

Admiral COSGROVE. No, sir. The stock points——

Mr. ROBACK. They are general?

Admiral COSGROVE. Have general items.

Mr. ROBACK. Across the board?

Admiral COSGROVE. Across the board.

Mr. ROBACK. What will this dual capability give you?

Admiral COSGROVE. Well, it will give us the capability to tell each project manager, each Navy hardware systems command which has the overall program support responsibility. By that, I mean the Naval Air Systems Command is responsible for the overall support of aircraft operations, maintenance, and so forth, we will be able to give him a picture of how he stands supplywise, items supported, in any of his maintenance programs, his deployment schedules, and so forth.

Mr. ROBACK. Do you have that feature now, or is that in prospect?

Admiral COSGROVE. It has been designed, and this is what is being tested out at the Electronics Supply Office right now.

Mr. ROBACK. Is the equipment procured, or is that still a matter of development?

Admiral COSGROVE. Yes. We now have it at the Electronics Supply Office, and we expect to have the equipment installed and ready at the Ships Parts Control Center and the Aviation Supply Office in time to make these programs operable this fiscal year.

As I mentioned, the Ships Parts Control Center will be the second one which we will implement, in December, and then ASO will be the final one. They have by far the major problem in this area.

Mr. ROBACK. You also state that one of the special features is worldwide asset visibility of high value items. That is a special feature of what, now, the Navy system?

Admiral COSGROVE. The Navy system. I am not comparing this with any system. I am familiar with the Air Force AFRAMS system. They do this today. Again, when I talk of this, I am really saying that we are able to do things we couldn't do before, except on a manual basis, in which, workloadwise, we just——

Mr. ROBACK. You are not saying that the Air Force or the Army lacks this feature?

Admiral COSGROVE. No, sir.

Mr. ROBACK. You are just saying that it is special with the Navy, compared with what it used to be?

Admiral COSGROVE. That is right, sir.

Mr. ROBACK. Compared with what the system used to be?

Admiral COSGROVE. That is right.

VISIBILITY FOR CONTROL

Mr. ROBACK. To what extent do you have worldwide asset visibility? You have it for high value items; but is it a goal that you are working on for all supplies, or is this somebody else's problem because you deal only in high value items?

Admiral COSGROVE. No. Most of our items are repair parts. Right today, for example, in the aviation system, 93.9 percent of the total item inventory is items reported to the Aviation Supply Office. Electronics, 92 percent of the items are reported.

Mr. ROBACK. What is the significance of those figures, the fact that they are reported?

Admiral COSGROVE. It means that the Aviation Supply Office has visibility down to this reporting level of the assets, the amount of material on hand, the issues they have made, any planned program requirements, and so forth.

Mr. ROBACK. Let's put it this way: on what assets do you lack visibility worldwide?

Admiral COSGROVE. We do not have asset reporting from our individual ships, and there are small activities such as reserve air stations, Willow Grove, Pa., Brunswick, Ga., small activities——

Mr. ROBACK. That is the retail level, as far as you are concerned?

Admiral COSGROVE. It is; yes.

Mr. ROBACK. Consuming level?

Admiral COSGROVE. It is.

Mr. ROBACK. That would be equivalent to the Army post, camp, and station. You don't have visibility there.

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. So, if there is any special problem of redistribution or excess accumulation, there aren't any control devices that extend to the level of the small station or the ship afloat?

Admiral COSGROVE. That is right, for these Navy wholesale items that are in our system.

Mr. HOLIFIELD. Does that include major items?

Admiral COSGROVE. No, sir.

Mr. HOLIFIELD. Such as automotive equipment and things like that, or are you talking about a class of used-up items?

Admiral COSGROVE. I am talking about repair parts. The high-value items and repairable items are reported by all echelons, ships, and small stations. But the secondary items, repair parts, are not reported.

Mr. HOLIFIELD. For instance, you would know how many automobiles, how many trucks—that sort of thing?

Admiral COSGROVE. I don't manage automobiles in the Navy Supply System Command. The Naval Facilities and Engineering Command does. And they do manage these.

Mr. HOLIFIELD. They do keep inventory?

Admiral COSGROVE. Yes, sir.

Mr. HOLIFIELD. Inventory records down to the lower level?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. What will you get by extending this uniform automatic data processing system overseas?

Admiral COSGROVE. Today we only have two automated depots, Subic Bay in the Philippines, with a very small computer, and Guam. We are today reporting assets from these activities to the Aviation Supply Office. Right now, the depot at Yokosuka is on a manual basis, and it is doing a sizable business. We feel that we can greatly improve their operation by establishing the system that we now have in the United States there, and Subic is absolutely saturated, and we have got to give them additional data processing capability.

Mr. ROBACK. These are major depots or processing centers.

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. In the Philippines or Japan; is that right?

Admiral COSGROVE. There are only four overseas depots, Guam, which is not too big; Subic is the largest; Yokosuka next; then, we have Danang, where we are presently putting a small computer in right at this moment, which is in the common supply business, and they have very few technical items there.

Mr. ROBACK. I asked you the question about worldwide visibility. Do I understand that at this time you do not have visibility over these major overseas depots because you do not have them automated?

Admiral COSGROVE. We do for the aviation repair parts, Mr. Roback, but not for the others, and we intend—we have a proposal on the street now to the manufacturers, they have to respond within 60 days. I believe within 90 days after the response, we will have equipment delivered and we intend to start automating Subic first—in March, I believe, of this year. And Yokosuka will follow. At that time, they will become item reporters to the Electronics Supply Office, and the Ships Parts Control Centers, as they now do to the Aviation Supply Office.

Mr. ROBACK. You have said, I believe, somewhere in your statement that the Navy is concerned largely with technical items; and the more common type of items, consumables and secondary supplies, are somebody else's responsibility—either the DSA or GSA.

Admiral COSGROVE. Yes.

Mr. ROBACK. Is that essentially true?

Admiral COSGROVE. The wholesale management is their responsibility. We do have Navy retail stocks, which we buy from them and position to support fleet and aviation units.

NAVY COOPERATION WITH DSA/GSA

Mr. ROBACK. You made a statement that "retail stocks of DSA and GSA materials are requisitioned directly from the appropriate DSA/GSA center."

They are requisitioned not by the consumer, however,

Admiral COSGROVE. In the continental United States, in many cases, they are requisitioned by the consumer. Overseas, they are not. They are requisitioned from the Naval Supply Center, Oakland. We have a special arrangement with DSA, where they have their own stocks position at Oakland as part of its DSA system of stocks.

Mr. ROBACK. The extent to which you use the GSA as against the DSA is determined by policy guidance, which is made at another level; is that right? I mean, you are guided by general supply classifications?

Admiral COSGROVE. Yes.

Mr. ROBACK. As to what types of supplies you will draw upon GSA; or is it a matter of convenience?

Admiral COSGROVE. Generally, policy direction from the Chief of Naval Operations and the Chief of Navy Materiel. As you know, the General Accounting Office went into this subject some time ago, and it is now under review within DOD.

Mr. ROBACK. I wanted to ask you a question about that, because the General Accounting Office in B146828, which was a report which represented that there were duplicate inventories in the GSA and in the Navy, by virtue of the fact that you acted as a sort of middleman——

Admiral COSGROVE. Yes.

Mr. ROBACK. Requisitioning the GSA supplies, putting them in your own depots, and so in effect there were GSA supplies in the Navy and GSA supplies in the GSA centers, as I understand it.

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. And that these were, in the view of the GAO, unnecessary duplications of stocks. So if, for example, the using Navy element, whether it was a ship, let us say, or a shore station, if they requisitioned directly from the GSA, that might create some other kind of problems about types of forms you use, and one thing and another. So, GSA recommended that there be a working group set up.

Now, what is the status of this problem subsequent to the GAO report?

Admiral COSGROVE. As you know, in June of last year, Mr. Baird, then Assistant Secretary, now Under Secretary of the Navy, responded directly to GAO. He did not agree with the direct requisitioning by all overseas activities, directly on GSA. He offered in lieu thereof the

suggestion that GSA position inventories, their own owned inventories at Oakland.

We would then not position Navy inventories there.

Mr. ROBACK. You mean, they would rent part of your space?

Admiral COSGROVE. I don't think there would be any rental involved. We would provide space, so that we in this way could eliminate inventories but still maintain Navy's control over the responsiveness to individual ships and overseas customers. This was really the basis for Mr. Baird's objection to the GAO.

We in the Navy Supply Systems Command, control, allocate all of Oakland's resources to them, so we are always able to respond in any kind of an emergency to insure adequate time of response to the fleet and overseas activity.

Mr. ROBACK. Responsive supply as far as the Navy is concerned?

Admiral COSGROVE. Right.

Mr. ROBACK. Is this only with regard to overseas requisitions, or would this apply to U.S. requisitions?

Admiral COSGROVE. No; many of our activities today requisition directly onto GSA. Practically all of them in the United States.

Mr. ROBACK. The Alameda station might requisition?

Admiral COSGROVE. Directly to GSA.

Mr. ROBACK. And also Subic?

Admiral COSGROVE. Subic requisitions from Oakland.

Mr. ROBACK. From Oakland?

Admiral COSGROVE. Yes, sir. In the continental United States, almost all of our activities, requisition directly on GSA.

Mr. HOLIFIELD. That is on common use items.

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. Do the U.S. stations requisition directly on GSA?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. They all do?

Admiral COSGROVE. They all do.

Mr. ROBACK. And you have no problem there?

Admiral COSGROVE. No, sir.

Mr. ROBACK. It is only with regard to the overseas stations?

Admiral COSGROVE. That is right. Overseas stations and ships. We have had some problems of response time, but these are being resolved. I think the ninth region in San Francisco was——

Mr. ROBACK. Do you know of any other services requisition directly on the GSA from overseas?

Admiral COSGROVE. I think some do; yes, sir.

Mr. ROBACK. You don't know whether they have had any response problems?

Admiral COSGROVE. I don't.

Mr. ROBACK. You don't know that this is a response problem; but you are concerned that it might be?

Admiral COSGROVE. That is right.

Mr. ROBACK. And has a working group been set up on this?

Admiral COSGROVE. As I recall, the latest status, Mr. Roback, is that GSA has written a letter to the Department of Defense, and this is now being reviewed within the Department of Defense. I don't know when——

Mr. ROBACK. GSA is in favor of occupying some of your quarters and prepositioning their supplies and equipment there?

Admiral COSGROVE. I can't speak to that. I did not see this letter. I think they are in favor of getting together with DOD and resolving this problem.

Mr. ROBACK. They are talking about it.

Admiral COSGROVE. I don't want to state the GSA position.

Mr. ROBACK. Would it be your demand, if it came to such an arrangement, that these supplies be prepositioned for dedicated Navy use, so that there wouldn't be any servicing of other requests?

In other words, to prevent duplicate stocking of GSA stocks by both the Navy and the GSA, if the GSA came in with a Navy order, so to speak, at a Navy center, they would have to stock supplies and you would probably insist, would you not, that these supplies be available for the Navy, even though they might result in some accumulations?

Do you see what I mean?

Admiral COSGROVE. No; we would make them available just as we do under DSA agreement to other customers of GSA, Army or Air Force. We would probably like to have at least a reservation of a quantity that we could, when we got down to this level, we would want to make——

Mr. ROBACK. I am assuming, without knowing, that you wouldn't just want to support another GSA center in your own center.

Admiral COSGROVE. No; not another GSA center, but we would be willing to support other customers of GSA, if they submit us shipment directives.

Mr. ROBACK. Do you think some arrangement like this will probably work out?

Admiral COSGROVE. I think it would. I think we are doing very well with DSA on the same kind of an arrangement.

Mr. ROBACK. DSA is prepositioned, in effect, I mean, their supplies?

Admiral COSGROVE. They stock supplies there, and we report to them on a transaction item basis all of our issues. They then compute Oakland, and this is only at two places, Oakland and Norfolk—they compute our requirements and automatically distribute material in there to keep stock on hand to meet our needs.

Mr. ROBACK. Are they servicing the Air Force and the Army out of that?

Admiral COSGROVE. They do on occasion; yes, sir. They are trying to tailor this stock to Navy requirements, but naturally other requirements will occur, and we do quite a bit of processing of DSA materiel MRO's for the other services.

Mr. HOLIFIELD. For the record, could you clarify the difference in items handled by DSA and GSA?

What is the general difference there, or is it similar?

Admiral COSGROVE. Well, the GSA items are mostly common items of supply. I happen to have had duty at the Defense Industrial Supply Center with DSA for 3 years, and the items we handled, for example, were the group 53 hardware items, the screws, fasteners, and many thousands of these types of items.

We handled all metals.

Mr. HOLIFIELD. Unique type. Not necessarily commercial.

Admiral COSGROVE. A lot of these, I think, DSA is finding out are fairly unique; yes, sir. Even though there are many, many common items.

Mr. HOLIFIELD. But they would handle always——

Admiral COSGROVE. Bearings.

Mr. HOLIFIELD. Commercial specification items.

Admiral COSGROVE. Yes, sir.

Mr. HOLIFIELD. Of the common type.

Admiral COSGROVE. I would say the majority of them are commercial-type items, and there are some items peculiar to the service.

REQUIREMENTS URGENCY

Mr. ROBACK. Your automatic data processing, you say in your statement, tells you how much to buy and when to buy. That applies, of course, only to the supplies in which you do have this visibility.

Admiral COSGROVE. That is right, sir.

Mr. ROBACK. And for those supplies, you are told what and when to buy, only in relation to the status of the inventory stocks; of course, not to the status of the market.

Admiral COSGROVE. That is right.

Mr. ROBACK. I mean, your inventory level may tell you when to buy something, but the market may not be a good one, but that is another matter.

Admiral COSGROVE. We do have an economic order quantity.

Mr. ROBACK. You don't have a model simulator which tells you what the state of the economy is.

Admiral COSGROVE. No, sir.

Mr. ROBACK. With shoes or clothing for example, do you?

Admiral COSGROVE. No, sir. We don't handle clothing.

Mr. ROBACK. The problem that concerns us when we look at it from the standpoint of procurement, here we are talking about the inventory level, and what you need to replenish.

Looking at it from the market side, in almost every purchase request the buyer, whether he is a Navy buyer or from another service, gets his boss to sign a form which says that the public exigency requires that we do this immediately, and we can't take time to advertise it.

All these seem to be exigency items. How do you relate that frantic concern on the buying end to the information you get from your computer as to what the replenishment need is?

There seems to be no ordered relationship, because even though your computer can tell you that your stocks are going down at a certain rate, by the time the replenishment request gets to the buyer, he becomes frantic.

Admiral COSGROVE. I don't think we have too high a percentage of these types of buys at our inventory control points, Mr. Roback.

Mr. ROBACK. We had occasion to review not long ago the procurement of 2.75-inch rocket launchers, of which the Navy is the buyer for the Air Force, as well as for itself, and many of these requests were rushed out on the market as they came in, and they were coming in from the Air Force on a staccato basis.

I don't understand. Even though you get information from your computer model as to how to buy economically, and how to buy to

avoid undue consumption; that is, to keep your stock at the proper level, there seems to be no relationship, actually, between that information and the activities on the buying side.

This may not be your responsibility, but somebody, somewhere, hasn't hooked up the computer machine with the market. Do you have any observations on that?

Admiral COSGROVE. My observation as a supply man is, I can never get a buyer to move panicky.

Mr. ROBACK. In other words, he is usually lazy?

Admiral COSGROVE. I almost know as much about ASPR as the buyers do. I get it quoted at me constantly.

But for the type of items we buy, we do have sole source items, for example, that are peculiar to aircraft, and are only bought from the guy who made the aircraft. But the percentage of emergency buys in repair parts areas are now, I wouldn't think, too high.

Mr. ROBACK. It only may be an impression on my part, but almost every procurement problem that comes to my attention has a public exigency attached to it.

Admiral COSGROVE. Yes, sir.

NAVY COMMON SUPPLY IN VIETNAM

Mr. ROBACK. To what extent in Vietnam do you supply the other services?

Admiral COSGROVE. In the I Corps Tactical Zone, we supply common items of supply which are mostly the GSA-type items, and the DSA-type items; such as food.

Right now, the Army submits 41 percent of our customer demands at the Naval Support Activity, Danang. I think the Marines submit 34 percent, and the rest goes to the Seabees, and the other units.

Mr. ROBACK. In other words, in the north you are responsible for the main supply on the ground.

Admiral COSGROVE. Of common items only.

Mr. ROBACK. Common items only.

Admiral COSGROVE. Not technical parts. And then, food.

Mr. ROBACK. In the delta, you supply the riverine force. Do you supply the troops, the GI's who are on those heavy armored boats?

Admiral COSGROVE. I don't think we do. I am not sure. Do you know?

Commander DREESE. No; we do not supply the Army.

Admiral COSGROVE. We do not. We supply repair parts for the boats.

Mr. ROBACK. Why wouldn't they get consumables and common supplies, since they are right on your boats?

Admiral COSGROVE. I guess the Army supports them, sir. I don't know.

Mr. ROBACK. The Army is not, you might say, predominant in the delta.

Commander DREESE. The Army has the common item support, as you know, in the II and IV Corps Tactical Zones, so in fact the Navy gets their common items from the Army.

Mr. ROBACK. In the whole delta area?

Commander DREESE. Yes, sir.

Admiral COSGROVE. Yes, sir. We supply the repair parts for those boats because they are Navy peculiar items.

UNIFORMITY OF DATA PROCESSING

Mr. LUMAN. May I ask a question here? You mentioned that you have had one stock point system operational since 1965, with reference to a kind of a centralized data processing.

Admiral COSGROVE. Yes.

Mr. LUMAN. You are now beginning to extend it overseas and develop it for other stock points. What were some of the things that have resulted in the delay in extending it to these others?

Admiral COSGROVE. I would say that first of all we started this system, designed it in 1962, and we were operable in 1965 at our major supply centers. We had an urgent requirement at these centers because we had no automated capability except one supply center that happened to be at Oakland at that time.

This required use of our total resource at the Fleet Material Support Office which actually does the centralized ADP analysis and programing.

We started the process of attempting to get approval for automated data processing system at Yokosuka and Subic Bay over a year ago. Last week we were able to get the specifications out for proposal.

Mr. LUMAN. Were you not aware of the need more than a year ago, let us say at Yokosuka or Subic, from the drain at Vietnam?

Admiral COSGROVE. As I recall, it was about April that Subic—April of last year—that Subic indicated that the small computer, the 1401 they had, did not have sufficient capacity because of their increasing workload, and requested that the Naval Supply Systems Command take some action to get them a larger computer.

Now when you get into this computer business, as you know, we submit our requirements for the supply application up through the Chief of Naval Material, the Chief of Naval Operations, to the Special Assistant to the Secretary of the Navy for Management Information Systems, and they look at this from all computer application possibilities.

For example, at Yokosuka you have a public works operation which is fairly sizable. You have a ships repair facility in Subic, so it is a matter of trying to evaluate how you could get one computer that will take care of not only supply and accounting functions, which we have responsibility for, but for these other functions as well, and this takes quite a bit of justification. It takes quite a bit of deliberation and evaluation of these justifications up the line, always with the consideration of course of trying to get competitive sources and so forth. So this seems to be about the lead time when you start to get a computer for a new application.

Mr. LUMAN. Do you now have a master plan? What happened here is that Subic, when the overload began to pinch in April 1967, came in and said, "We need a new computer." The process now has taken over a year and will take some time more before they get their computer.

Admiral COSGROVE. That is right.

Mr. LUMAN. Have you looked at the other centers and tried to anticipate this for them?

Admiral COSGROVE. Yes, sir; we have a master plan for the other stock points.

Mr. DAHLIN. Is your present procurement that you talked about related to that UADPS master plan for the other stock points?

Admiral COSGROVE. Yes, sir.

Mr. DAHLIN. Or is it just for that one? In other words, you are buying a whole new system. Is this a specified sole-source system or is this a competitive buy?

Admiral COSGROVE. It will be competitive. We expect to—we have got the approval but we had to reformat our specifications. We expect to have these specifications on the street in August. We will give, because of the magnitude of this, we will give the suppliers until January to respond, and it will probably take 3 months, from January to April, to make a final selection. This will be on a competitive basis.

Mr. ROBACK. Did I understand you to say that these were not exclusively for logistics?

Admiral COSGROVE. They are for logistics as opposed to command and control but not exclusively for supply.

Mr. ROBACK. How do you break down the division of labor in the computer? I notice a statement by Mr. Brooks, who is a member of the committee, reported in a recent issue of the Federal Contract Report, and he is urging the Defense Department to have standardized computer language which would make it possible to bring in all competitive offers, so you do not have to get stuck with one particular system, one particular hardware system. And he refers to the Navy as having a Cobol system for command and control.

Do you have a computer that has both logistics and command and control? Where do you break it?

Admiral COSGROVE. These computers are under the control of the Chief of Naval Operations, command and control computers, and I have very little knowledge of this. When our third generation stock point equipment—which as I said we now have the specifications for—we intend to rewrite all of our programs into Cobol, and this will take us we estimate about 18 months.

Mr. ROBACK. You write all programs into Cobol?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. Cobol refers to what now?

Admiral COSGROVE. This is a common machine independent language. I am not technically competent to talk about it in detail except right now, for example, our stock point application is on IBM equipment. This is written in programs dedicated to that equipment which means that at every stock point we have to have this same equipment. We are trying to get away from equipment orientation and dedication. This common business oriented language I think, which is what Cobol stands for, will do this. In other words, once your programs are written into this language, you become machine independent in the sense that when you go from one generation of hardware to the next you do not have to rewrite all your programs. The same program, as I understand it, can be run on different generations of computers that different manufacturers make. This is our goal. We are not there at all now.

Mr. ROBACK. If it is written in language of Cobol, can you use Cobol communications between logistics computers?

Admiral COSGROVE. I cannot answer that. I do not know. Right now there is no communications problem between different computers. We have, for example, the Univac computers at our inventory control points, and we transaction report information from our IBM computers over AUTODIN into——

Mr. ROBACK. I am raising the question as to what extent of multipurpose functions you can get in computers, so that theoretically all Navy operations that go through a center, to a headquarters, you can use them for logistics, command and control, or anything else conceivably?

You see, the Air Force is buying certain kinds of automatic data processing equipment for various purposes. In other cases the equipment may be used only for supply purposes. In some cases you have got separate equipment for command and control purposes.

I am raising the question, How do you divide the labor of communications and data handling to accommodate different functions?

Admiral COSGROVE. You can use one for several purposes.

Mr. ROBACK. To what extent can they be multipurpose? That is what I am asking.

Admiral COSGROVE. What happens is that each of the responsible agencies puts in the specification on what a computer has to do. Now you can find a computer big enough that can run a supply program, that can run a public works center program, that could run possibly a command and control. I cannot envision command and control, but this is a possibility.

Most anything is possible in the computer field according to the manufacturers, if you want to pay the price. You can get computers with fantastic memory and speeds. So what you have to do is have the final selection authority decide whether he wants to go with a large computer that will handle all functions, or whether it would be more economical to have two or more computers and specialize them.

Mr. ROBACK. That is not your level of concern.

Admiral COSGROVE. No, sir; thank goodness.

SUPPLY FOR MARINE CORPS

Mr. ROBACK. We will not pursue that with you. Let me ask you this. To what extent do you supply the Marine Corps?

Admiral COSGROVE. In aviation material we provide complete support to the Marine Corps. We provide support in Vietnam, as I mentioned, in the I Corps area of common supplies such as concertina wire, sand bags, and food to the Marine Corps.

Mr. ROBACK. On shipboard do you supply the Marine Corps?

Admiral COSGROVE. And medical supplies, General Tyler says. Shipboard we do not have many marines any more.

Mr. ROBACK. You have no marines on shipboard?

Admiral COSGROVE. We have the admiral's orderly.

Mr. ROBACK. Is that all you have?

Admiral COSGROVE. Just about.

Mr. ROBACK. I thought you have marines who are doing——

Admiral COSGROVE. General Tyler knows more about this than I do. We do have marines that are permanently on amphibious ships, which we would support aboard ship. But for their own repair parts——

Mr. HOLIFIELD. You support their amphibious operations?

Admiral COSGROVE. To a degree; yes, sir.

Mr. HORTON. Could I ask in that connection, you did make some comment in your statement about supply to the riverine force in the IV area. What sort of supply is that? Do you supply all of the riverine force there including the 9th Infantry Division?

Admiral COSGROVE. No, sir. We supply the repair parts for the boats only.

Mr. HORTON. That is all.

Admiral COSGROVE. The Army has common supply responsibility in that area.

Mr. ROBACK. I wonder if General Tyler could tell us what is the concept of Marine Corps supply as distinguished from Navy supply.

General Tyler, do I have your name right, sir?

STATEMENT OF MAJ. GEN. PAUL R. TYLER, QUARTERMASTER GENERAL OF THE MARINE CORPS

General TYLER. Yes, sir.

Mr. HOLIFIELD. Did you understand the question, General?

Mr. ROBACK. Will you give us your concept of Marine Corps supply? You are a part of the Navy, but you have your own supply system, I understand.

General TYLER. Yes, sir.

Mr. ROBACK. Do you have some information that you could supply us for the record?

General TYLER. First I would like to back up Admiral Cosgrove's statement that the agreement between the Navy and the Marine Corps has for a number of years concluded that the Navy will provide to the Marine Corps the aircraft and all aircraft associated repair parts and services. Now we have been using Navy medical officers and dental officers traditionally because we have never attempted to provide our own corps of that specialty, and the Navy also provides the supply support in that area. In the other areas we have little of our end items, which are common with the Navy, and we have developed our own supply system.

Now, the Marine Corps, like the Navy, uses DSA and GSA and other integrated managers as designated by the Defense Department. For items which the Marine Corps does not get from those integrated managers, we procure ourselves. Much procurement is done through a coordinated procurement assignment. That is, we are told who the individual or the command is that will make the procurement for us. It it is not covered by integrated managership, where there is a requisition from stock, or covered by coordinated procurement, where we place requirements on another individual, we are at liberty to pick the sources from which we will make our buys. In accordance with the ASPR rules and regulations, we can go direct for requirements under a certain dollar value, and above that dollar value we go out on competitive bidding.

Now, we have set up our own distribution system to handle the items which we purchase. Unlike the Navy, we have only one inventory control point.

Mr. ROBACK. General, why do you not come forward. It might be a little easier to talk to the committee.

General TYLER. I might just as well start in by reading my prepared statement and maybe I will have covered many of these things that we would come up with. It will take me a little bit longer, but I might put it in better context. If I do not put it in the right context, then I could answer the questions.

Mr. ROBACK. Is the statement fairly brief?

General TYLER. It is 12 pages, sir.

Mr. HOLIFIELD. Go ahead. That will fit in here.

General TYLER. Mr. Chairman and members of the subcommittee, I am Major General Tyler, Quartermaster General of the Marine Corps and am pleased to have this opportunity to discuss the Marine Corps supply system. My prepared text covers four major points: (1) A general description of the Marine Corps supply system; (2) inventory management highlights; (3) standardization of supply systems; and (4) programing and acquisition of automatic data processing equipment.

The Marine Corps supply system can basically be divided into two major categories: (1) the "in stores" portion which includes all assets, together with management functions and processes pertaining thereto, which are under central inventory control point (ICP) item and/or financial accountability and control; and (2) the "out of stores" portion which includes those assets held by the Fleet Marine Forces (FMF's), either by combat, combat support, or combat service support units. Materiel carried in the Marine Corps stock fund account (MCSFA) is in the "in stores" portion and is sold to "out of stores" customers.

The "stores system" is managed under the recently implemented Marine Corps unified materiel management system (MUMMS) which encompasses 17 completely integrated subsystems, covering all management functions normally associated with military supply. "Out of stores" assets are generally in the hands of organic units (users) or service support units. The service support unit both consumes assets and issues materiel to supported tactical units.

Mr. DAHLIN. Is the MUMMS system compatible with the Navy UADPS system or is there any effort to coordinate with the Navy, or is this supposed to be a independent supply system that works all by itself?

General TYLER. It is an independent system, and it works individually. The only compatibility between our system and the Navy's, is that we make use of the standard definitions and processes set up under MILSTRAP and MILSTRIP. This is the standard military requisitioning end issue procedure and the reporting and accounting procedure.

Mr. DAHLIN. Was there any need for common equipment in the two systems?

General TYLER. I do not believe so, sir. We are not physically located where it would be particularly easy to use a common system.

Mr. DAHLIN. You are in Vietnam.

General TYLER. I was talking first of our system at the inventory control point.

Mr. DAHLIN. Yes, sir. I just want to know, are your automated systems and standardized systems, compatible or were they planned to be compatible? Let us say the Naval Support Activity, Danang, worked along with the Marine computers for inventory control and issue and so forth, and requirements out of Vietnam. How was that supposed to work and how did it work?

General TYLER. As far as I know, there has been no effort made for compatibility between our computers at the force logistics command and those in the hands of NSA, Danang.

Mr. DAHLIN. Thank you, sir.

Admiral COSGROVE. One point I might add is that all of these computers will accept the MILSTRIP document so there is no need for having the identical computers no matter what kind of a computer you have. You can insert the MILSTRIP document in it which is your requisition document.

Mr. HORTON. Has your mission, General Tyler, in Vietnam created a strain on your system? By that I mean do you have more of an infantry mission in Vietnam? I wondered whether or not your system has had some strain as a result of that?

General TYLER. I am sure we have had strain on our system, but our system was designed so that we could absorb this. It has not caused any permanent problems. We actually have more people, more units in combat than we had during the entire Korean war, in which you will recall we had one division. We now have two, and temporarily 2⅔ divisions in Vietnam, so we have had a higher degree of support required, although we have been able to handle the thing.

Mr. HORTON. Do you handle it exclusively, or do you depend on the Army for a lot of your supply there?

General TYLER. Out in Vietnam we rely upon the Navy for common support. We have numerous cross-servicing agreements and in small restricted areas with the Army to take care of repair parts for certain items which we have been unable to support ourselves. But generally speaking excluding the common support which we get from Naval Support Activity, Danang, we are attempting to run our own independent system in I Corps.

Mr. HORTON. So you have a separate system from the Army.

General TYLER. Yes, sir.

Mr. HORTON. For your supply. And this is for all combat equipment, trucks——

General TYLER. Yes, sir.

Mr. HORTON. Airplanes, and all the like.

General TYLER. Airplanes are provided by the Navy, sir, airplanes and all the repair parts associated therewith.

Mr. HORTON. Thank you.

Mr. DAHLIN. We might ask further about that, General. In the United States at least, I believe that the Navy has centralized the support of type aircraft at certain airfields and repair facilities for aircraft. So that you would concentrate, perhaps, all F–4 support in the United States at one, or at the most two airfields. Is that not the case, Admiral?

Admiral GOSGROVE. Yes, sir.

Mr. DAHLIN. How does that work in Southeast Asia for Marine Corps, Navy, or Air Force-type equipment where they are similar or

the same? Do all facilities now have to carry wider inventories of all different types of equipment, even though your system is now built to separate out different types of aircraft?

Admiral COSGROVE. The aircraft support for the Marines in Vietnam is provided by the Naval Supply Depot at Subic in the Philippines, and I do not know how many types of aircraft the Marines are operating. I think they generally operate the same type of aircraft the Navy operates, and quite a few more helicopters. The Marine Air Group has a 90-day level of aviation material with them, and they are replenished from the Naval Supply Center, Subic.

Now, as far as the Air Force is concerned, the Air Force is now supporting the Navy to a degree on the F–4 aircraft.

Mr. ROBACK. Do the Marines use the F–4 also?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. Do the Marines have both shipboard and land aviation?

Admiral COSGROVE. No.

General TYLER. We have from time to time assigned Marine Corps aviation units to operate from carriers.

Mr. ROBACK. Are you operating aviation units in Vietnam?

Admiral COSGROVE. Yes, sir.

General TYLER. Yes, sir. The Marine Corps has about the equivalent of 1½ aircraft wings in Vietnam.

Mr. ROBACK. They are not off carriers.

General TYLER. No, sir.

Mr. ROBACK. But are you flying F–4's?

General TYLER. Yes, sir.

Mr. ROBACK. And is the Navy supplying you with F–4's?

General TYLER. Yes, sir.

Mr. ROBACK. So the Navy is supplying you and the Air Force and is supplying its own F–4's on the ground in the same area.

Admiral COSGROVE. The Air Force is also supplying the Navy, sir. We have this agreement with the Air Force now for a list of items called the joint stocklist, and the Air Force has this support responsibility. This has been in effect since February.

Mr. ROBACK. Do they have the support responsibility for all of the F–4's?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. In all of Vietnam?

Admiral COSGROVE. Yes, sir.

Mr. ROBACK. For selected items?

Admiral COSGROVE. Yes, sir.

Mr. HORTON. What you are saying is that we have four systems over there in Vietnam supplying the Navy, the Air Force, the Marine Corps, and the Army.

Admiral COSGROVE. That is right.

Mr. HORTON. And basically they are not compatible, except the Navy and the Marine Corps.

Admiral COSGROVE. I do not understand the definition of "compatible."

Mr. HORTON. I mean they are not centralized, so you have four separate systems. If you have a request for helicopter parts, the

Marine Corps has to go back through the Navy. It is not something that could be handled centralized.

Admiral COSGROVE. I think there is agreement there too where the Army is supporting helicopter support for the Marine Corps.

Mr. HORTON. If there is centralization, I think it might be helpful here for you gentlemen to comment on that.

General TYLER. May I make one comment about Marine aviation?

Mr. HORTON. I am not trying to have you defend Marine Corps aviation.

General TYLER. I think it might clarify it.

Mr. HORTON. I am talking about centralized supply.

General TYLER. It might help clarify one point. When Marine aviation units require aviation repair parts, they go through exactly the same procedures, the same channels as the naval aviation unit. The stock levels are adjusted between the Navy and the Marine Corps so that the Navy knows what the Marine Corps has and the Marine Corps unit goes through exactly the same requisitioning procedures as the Navy unit. As far as Subic is concerned, it does not make a bit of difference whether it is from a Marine or Navy unit. They all look alike and are all handled alike.

We have not attempted in the Marine Corps to set up anything different to support Marine Corps aviation, and what the Navy has done is set up a naval operation.

Mr. HORTON. There are four stockpiles over there of undershirts.

General TYLER. Yes, sir.

Mr. HORTON. Right?

General TYLER. Yes, sir.

Mr. HORTON. And if a Marine needs an undershirt or a company needs undershirts then they have got to go back through the Marine Corps system to get their undershirts, is that right?

General TYLER. Yes, sir.

Mr. HORTON. The Navy has to do the same, the Air Force and the Army. The point I am making is that there are four systems, whether it is undershirts or whether it is ammunition or whether it is carbines or whatever it happens to be. They have four systems and they have four stockpiles. I realize there are more than four stockpiles, but there are four separate control stockpiles for the four services.

Admiral COSGROVE. Not for underwear.

General TYLER. I was about to make the statement, Mr. Horton, that generally you are correct. As far as underwear is concerned, it may be the common item that NSA Danang is using.

Mr. HORTON. How many common items do we have?

Admiral COSGROVE. In Danang, for example, which the Navy runs, 41 percent of all our issues in Danang go to the Army, 34 percent go to the Marine Corps, this includes many, many items, some 80,000 odd items of common supply including clothing, including food, and common use items which are generally wholesale managed by DSA.

And so you can see what we are doing there. Seventy-four percent of our mission in Danang is not Navy oriented. We are only supporting Navy Seabees and repair facility people and so forth out of Danang. So we have a common support in the entire I Corps area. The Army has similar responsibilities in other areas.

So when we talk common items, Mr. Horton, we have essentially one service assigned to support by area.

Mr. HORTON. I am concerned as to how much this might affect command decisions also. If I were the commanding general of MAC/V and I wanted to move the Marine Corps operation out of I Corps and put it down in IV Corps, would this create a supply problem?

General TYLER. It would create a problem that somebody would have to plan for.

Mr. HORTON. Would it create the kind of a problem that the command might be a little bit concerned about making such a move?

General TYLER. I would feel that considering the size of the troops that the Marine Corps now has in I Corps, the number of suppliers we have ashore, the logistics installations which we are now operating, that to move the entire Marine unit from I Corps down to the delta, for example, would be a tremendous logistical task.

Mr. HORTON. If you had the same number of Army units down in IV Corps, and for some reason you wanted to change the mission, there would not be any compatibility with the supply system so that you could operate on their supply system, would there?

General TYLER. Yes, sir; I think when Admiral Cosgrove made the point that we all use the same requisition, this is the one element in which we could get compatibility. A Marine Corps unit in Vietnam can give a requisition in standard MILSTRIP procedure to an Army inventory control point and they can process it.

Mr. HORTON. How about furniture? Is that a common item? If you need a sofa for the officers' quarters or something like that; is that a common item?

Admiral COSGROVE. This is not in the Navy supply system. It is run by the Navy civil engineering system, and whether they support Army and Air Force I cannot answer because that is outside of my domain.

Mr. HORTON. You talked about some agreements, Admiral. I think it would be helpful if you could comment on your concept of the centralization of supply in Vietnam, if there is any, as a result of agreement. Have you had to enter into a lot of agreements in order to bring this about? And, if so, how does this affect your computerized operations?

Admiral COSGROVE. The agreements, as I understand them, are made by the force commanders in the area, and I am not precisely sure how it came about that the Navy Supply Support Activity at Danang, for example, supports everybody in the I Corps area. I suppose it was because we were there and we had these common items.

You get into agreements when you talk of combat and systems such as aircraft, and we do have, as I said, a current agreement with the Air Force where they are supplying all F–4 support.

Mr. DAHLIN. Did you say that just began in February, Admiral?

Admiral COSGROVE. It started in February; yes, sir. Up to that time we had a different type of agreement where they procured all of this stuff, but they did not support it down to the base level. They procured requirements laid on them by the Navy centrally.

Mr. DAHLIN. Presumably the Navy has some stocks that are being attrited within that area, that have to be handled.

Admiral COSGROVE. I did not understand.

Mr. DAHLIN. Does the Navy still have some stocks of items of supply within that area——

Admiral COSGROVE. Yes, sir.

Mr. DAHLIN (continuing). Which have to be attrited?

Admiral COSGROVE. And when they are attrited, we will be resupplied from the Air Force. We also have agreements in the mill for the Navy to support the Air Force in certain aircraft.

Mr. DAHLIN. Such as the A–7?

Admiral COSGROVE. The A–7, CH–53 helicopter, and the OV–10 which is an observation plane.

Mr. ROBACK. Wherever there is the same aircraft basically in use by more than one service, you have an agreement for one service supply, is that right?

Admiral COSGROVE. We either have or will have, sir.

Mr. HORTON. Take ammunition for the M–16. If you have a shortage in the I Corps area, the Marine Corps has a shortage of that ammunition, and it is needed in a hurry, where do you have to go to get your supply? In other words, I do not know what your supply route is outside of Vietnam. Let us assume it is in Okinawa. Let us also assume the Army had M–16 ammunition in Saigon. Would you be able to get that ammunition from Saigon, or would you have to go to Okinawa again?

General TYLER. I think a lot of it depends upon the urgency of the requirement and the transportation time.

Mr. HORTON. You need it a hurry.

General TYLER. We can—we have agreements to get stuff locally.

Mr. HORTON. If you did not have an agreement, then what would you do?

General TYLER. Still go down and ask for it locally.

Mr. ROBACK. If you cannot get it, you steal it.

General TYLER. Fortunately we have not had that problem in ammunition.

Mr. HORTON. I was concerned about the supply problem from the centralized concept in Vietnam where you have a joint effort by the various forces as opposed to four separate systems. I am sure the four separate systems work with regard to some items. But I am also sure that there could be some consolidations if somebody at the top level said let's consolidate and program some of these things on a compatible basis.

It would seem to me a lot of overlap could be eliminated. I do not expect you to answer it. I am just making a statement.

Admiral COSGROVE. I made a statement I will have to correct. I was slightly wrong. I said 80,000 common items. Commander Dreese says it is 11,000, so I was just slightly off.

Commander DREESE. 80,000 items at Danang, 11,000 of which are common, but they constitute a very large percentage of the issues because of the fact that they are the common items.

Mr. HOLIFIELD. General, we are going to accept your full statement as we did Admiral Cosgrove's. It seems the discussion will take care of it. It will be printed in the record in its entirety at this point.

(General Taylor's biography and statement follow:)

Biography of Maj. Gen. Paul R. Tyler, USMC

Maj. Gen. Paul Robert Tyler assumed his current assignment as Quartermaster General of the Marine Corps, March 1, 1965.

General Tyler was born in Rochester, N.Y., August 13, 1913. He attended Canisius College at Buffalo prior to his appointment to the Navy Academy in 1932. Upon graduation from the Naval Academy, he was commissioned a Marine lieutenant, June 4, 1936.

Prior to World War II, he served with various Marine units and completed Signal Corps School, Fort Monmouth, N.J., in 1940.

During World War II, he served overseas as brigade communications officer, 3d Marine Brigade; signal officer, U.S. Marine Corps Section, Army Forces Western Pacific, and regimental supply officer, 7th Service Regiment.

Following World War II, he served in the Office of the Chief of Naval Operations, Washington, D.C., Electronics Supply Division, Marine Corps Supply Depot, Camp Lejeune, N.C., and the Navy Department with the Electronics Division, Bureau of Ships.

Upon graduation from the Armed Forces Industrial College in 1953, he served in Korea as division supply officer, 1st Marine Division (Reinforced), and subsequently as commanding officer, 1st Service Battalion. For meritorious service in Korea, he was awarded the Letter of Commendation with ribbon.

Returning from Korea, Colonel Tyler was assigned to the Marine Corps Supply Center, Barstow, and later to the Marine Forwarding Annex, San Francisco. He returned to Headquarters Marine Corps in 1957 and upon his promotion to brigadier general in 1958, was named Director of Materiel Division.

In April 1959, General Tyler became Assistant Quartermaster General of the Marine Corps. From that time until assigned his present duties, he has served as Commanding General, Marine Corps Supply Activity, Philadelphia, Deputy Executive Director for Depots and Facilities Management, and Inspector General of the Defense Supply Agency; and as Commanding General, Marine Corps Supply Center, Albany, Ga. The Joint Services Commendation Medal was awarded him for his service with the Defense Supply Agency. He was promoted to his present rank in August 1963.

General Tyler and his wife, the former Ray Rita Carrol, have four children: Marie (married to Marine Major William F. H. U'Ren, Jr.); Paula Jean; Carol Robin; and Paul Robert, Jr. The general's parents are Mr. and Mrs. Van Elroy Tyler. Mr. Tyler is deceased, and Mrs. Tyler now resides in St. Petersburg, Fla.

Prepared Statement of Maj. Gen. Paul R. Tyler, Quartermaster General of the Marine Corps

Mr. Chairman and members of the subcommittee, I am Major General Tyler, Quartermaster General of the Marine Corps and am pleased to have this opportunity to discuss the Marine Corps supply system. My prepared text covers four major points: (1) A general description of the Marine Corps supply system; (2) inventory management highlights; (3) standardization of supply systems; and (4) programing and acquisition of automatic data processing equipment.

The Marine Corps supply system can basically be divided into two major categories: (1) the "in stores" portion which includes all assets, together with management functions and processes pertaining thereto, which are under central inventory control point (ICP) item and/or financial accountability and control; and (2) the "out of stores" portion which includes those assets held by the Fleet Marine Forces (FMF's), either by combat, combat support, or combat service support units. Material carried in the Marine Corps stock fund account (MCSFA) is in the "in stores" portion and is sold to "out of stores" customers.

The "store system" is managed under the recently implemented Marine Corps unified materiel management system (MUMMS) which encompasses 17 completely integrated subsystems, covering all management functions normally associated with military supply. "Out of stores" assets are generally in the hands of organic units (users) or service support units. The service support unit, both consumes assets and issues materiel to supported tactical units.

With some exceptions, the Marine Corps supply system is a completely integrated autonomous system for items stocked by the Marine Corps. The Marine Corps Supply Activity, Philadelphia, Pa., is the sole Marine Corps inventory contro y point (ICP). The ICP uses many sources for replenishment of assets for

the Marine Corps integrated system. These sources include commercial procurement; other military services; the Defense Supply Centers (DSC's) of the Defense Supply Agency; the Army Tank and Automotive Command (ATAC), as a DOD integrated manager; and the General Services Administration.

An important feature of the "stores system" is the concept of placing a selected range of low cost, fast moving items at issue points close to the consumer for support at major Marine Corps bases. These outlets are self-service centers, shop stores and clothing sales stores.

The management process for these issue points at the major base is designated as direct support stock control (DSSC) by the Marine Corps and is covered by one of the aforementioned MUMMS subsystems. The "out of stores" portion of the supply system is not part of the centrally managed MUMMS system. It is managed with separate procedures, for the organic supply accounts and service support fleet stock accounts. However, all organic accounts in the Marine Corps are operated under one set of procedures provided by Headquaters Marine Corps and similarly, all fleet stock accounts operate under a uniform program with minor exceptions, noted in the more detailed discussion following.

The assets "in stores" with central item accountability are generally distributed at eight major bases called remote storage activities (RSA's). RSA's are located at the Marine Corps Supply Centers, Barstow and Albany; Marine Corps bases, Quantico, Camp Lejeune, Camp Pendleton, and Twentynine Palms; and the Marine Corps Recruit Depots at San Diego and Parris Island. In addition, each of these major bases operates a DSSC system to position low cost, fast moving items at issue points close to "on base" customers. These issue points are replenished from assets with central item accountability by requisitioning on the ICP which in turn issues a materiel release order (MRO) to the RSA.

Procedures for distribution of assets under central item accountability provide that materiel will be delivered from the source to the base closest to the ultimate consumer, when issues from assets at the base represent a significant enough percentage of total system issues to warrant such asset positioning. Accordingly, a historical demand pattern is mechanically accumulated for each item and an allocation factor (percent of total system demand) is assigned to each major base.

In addition to distribution of assets at the major bases, "stores system" assets of clothing items are also positioned at 20 sales outlets throughout the coneinental United States (CONUS) and overseas for "on base" direct support.

"Out of stores" organic assets are generally held at the battalion, air squadron or separate company level. Service support fleet stock accounts are organic to division service battalions, force service regiments or wing support groups, and these support division, force troop, and wing units. This pattern has been changed to a certain degree in the WestPac area as a result of the evaluation of support requirements in Southeast Asia (SEA) during the past 3 years. This evolution has resulted in a Marine Corps Force Logistic Command (FLC) in the Republic of Vietnam (RVN). The FLC consists of one force service regiment and two division service battalions, task organized as dictated by the situation, with "in country" central item levels and accountability being maintained by the FLC at Danang. Another force service regiment on Okinawa provides support to the FLC for organizational equipment and materiel, construction materiel, major end items and repair parts. The Naval Support Activity (NSA) at Danang provides subsistence items, fuels and common administrative and housekeeping type supplies to the FLC.

The major customers of the Marine Corps supply system are the combat, combat service, and service support units of the Marine Corps FMF. The FMF principally consists of four active and one reserve divisions; three active and one reserve Marine aircraft wings (including Hawk Battalions); and all of the supporting force troop units.

Other significant customers of the Marine Corps supply system are major bases; camps; posts and stations; guard detachments, ship detachments; air stations, and air facilities. With certain exceptions, the Marine Corps integrated supply system provides worldwide support for the customers noted above.

I would next like to discuss briefly five inventory management functions of particular interest to the subcommittee: (1) Management of principal items; (2) determination of requirements and control of secondary items; (3) stock levels; (4) the recoverable items programs; and (5) command responsibility.

Within the Marine Corps, the determination of requirements, acquisition, and allocations of principal items is the responsibiilty of Headquarters Marine Corps

(HQMC). The ICP maintains asset and allowance status for major items of equipment, secondary depot reparables, and other items designated by HQMC, which are held by both major and subordinate comands. The controlled items management subsystem of MUMMS provides the means for individual item management of controlled items with a minimum of administrative effort on the part of the item manager and the holding units. The subsystem provides the ability to record the inventory of in-use assets, produces reports for management review, and provides preprogramed file status reports, as may be required. The predominant features of the controlled items subsystem are:

1. Full asset data on controlled items is available and adjusted as issues, receipts, and disposal decisions are made.

2. Full allowance data is available for the purpose of monitoring requisitions prior to issue. Units are only authorized to hold assets within allowances established by Headquarters Marine Corps as essential to the mission of the unit concerned.

3. Programs are available to validate allowances and to insure that assets, in stores and in use, do not exceed the total Marine Corps materiel objective.

Requirements for secondary items in the stores system are centrally computed and assets are controlled by the single Marine Corps Inventory Control Point. Supply echelons out of the stores system compute individual requirements for secondary items within levels established by HQMC and "feed" on the stores system. Policy direction for the entire supply system emanates from Headquarters Marine Corps

The Marine Corps has recognized the general problem that assets available in one unit below the service account level are not readily visible and therefore not available to meet the needs of another unit. However, currently being programed is the supported activities supply system (SASSY) which will mechanize inventory records of organic units and provide the means for visibility and automatic redistribution of any available assets "out of stores," to satisfy known requirements.

As indicated when discussing the distribution system, Marine Corps stock levels of secondary items consist of levels for in-store assets and levels for out-of-stores assets. These levels do not necessarily represent a vertical pipeline of the same range and depth of items to the consumer, but rather represent different stock levels designed for specific purposes with varying ranges of items. For example: (1) Repair parts requiring installation at the third or fourth echelon maintenance level are not normally stocked below the service support unit level and are therefore not included in organic units stocks; and (2) specific criteria govern the stocking of items at the organic level, and items not meeting established criteria, although used, are not stocked.

Another important feature of inventory management relates to the recovery of reparables. The Marine Corps employs three programs involving the recovery of reparables from the user as follows:

1. *The Marine Corps recoverable items program (RIP).*—This program provides for the recovery of principal reparable items of Marine Corps equipment which are predetermined as economically reparable and/or excess to the requirements of a using unit, and for disposal action on those items which are beyond economical repair or the total requirements of the Marine Corps.

2. *Replacement and evacuation program (R&E).*—This program is promulgated annually by Headquarters Marine Corps and supports the commanding generals, fleet Marine forces, Atlantic and Pacific and selected Marine Corps Reserve units. This program provides for selected items to be replaced periodically by like serviceable items from the stores system, so as to provide the FMF with the best conditioned equipment possible.

3. *Marine Corps secondary reparable item program.*—This program provides for repair as the primary source for replenishment of serviceable assets of secondary reparable items. Serviceable items are made available on an exchange or rapid turnaround basis to permit the parent equipment to remain operational with minimum down time. A supply of reparable items, termed a "maintenance float," is located at designated repair facilities, which permits this procedure to be carried out. The unserviceable items are picked up in the maintenance float and promptly repaired. Economically reparable items which cannot be repaired at the facility due to a shortage of requisite skills, facilities, or time are evacuated to the next higher maintenance echelon in exchange for serviceable items.

To insure that unnecessary delays are not encountered in evacuating recoverable reparable items to the repair facility, including CONUS depot facilities, disposition requests and instructions are transmitted electronically and retrograde shipments are assigned high priority. In some instances, fifth echelon (depot) rebuild is being conducted on Okinawa or Japan to provide needed repair without increasing the inventory of the item concerned.

The Marine Corps integrated supply system has been designed to provide the Commandant of the Marine Corps with a highly flexible and responsive logistics tool. This logistics tool is specifically tailored for the Corps amphibious role, its relatively small size, status as a constant force-in-readiness; and has the inherent flexibility to meet the needs of sustained operations in a low intensity conflict. It provides an operationally sensitive distribution system, under the Commandant's cotrol, which is capable of immediate response to meet his responsibility for logistic support of Marine forces worldwide.

The Marine Corps supply system retains the most simple organic supply structure within the Fleet Marine Force (FMF). This doctrine has been deliberately maintained to permit tactical units to concentrate on the primary mission of combat. The assets held by FMF commands, in either service support or organic units, are controlled by that command. This concept is considered essential for timely response of the command to emergency deployment and combat situations.

Standardization and simplification of supply systems within the Marine Corps has been achieved within the constraints dictated by the operational environment of each system element and the relative sophistication of supporting data processing equipment.

There are four separate "procedural" echelons in operation within the Marine Corps supply system. Each of the separate echelons is tailored to meet the requirements of the activity or organization which it supports and each is integrated within the total Marine Corps system. These echelons of supply include:

1. The "in-stores" portion of the supply system is embraced by the Marine Corps Unified Materiel Management System, or MUMMS, which was mentioned earlier. MUMMS incorporates automatic data processing techniques and standardized requirements of the Department of Defense such as standard requisitioning and issue procedures (MILSTRIP), transaction reporting and accounting procedures (MILSTRAP), transportation and movement procedures (MILSTAMP), and supply and transportation evaluation procedures (MILSTEP). Through the medium of this standardized language, MUMMS is compatible and interfaces with the Defense Supply Agency, General Services Administration, and other military services.

2. Service units, or fleet stock accounts, located in the continental United States and Hawaii all follow one standard Headquarters, Marine Corps controlled system.

3. The fleet stock accounts located at the 3d Force Service Regiment on Okinawa and the Force Logistic Command at Danang, Vietnam, utilize a standard Headquarters, Marine Corps controlled system.

4. Organic ground, aviation, and reserve supply accounts use a single manual accounting system which is controlled by Headquarters, Marine Corps.

As previously mentioned, the Marine Corps is currently designing the Supported Activities Supply System known by the acronym SASSY. This new system, which will be initially tested on Okinawa during calendar year 1969, will eventually replace the system which is presently used by ground, aviation, and reserve organic supply accounts. SASSY will utilize third generation computers to provide supported units with centralized automated recordkeeping and is designed to increase asset visibility and control through modern management techniques. Actual equipment requirements will be determined on the basis of the field test and evaluation.

Acquisition of automatic data processing equipment (ADPE) is controlled and coordinated by Headquarters, Marine Corps. In order that this equipment will be applied in the most efficient, effective, and economical manner possible, Marine Corps policy dictates that automatic data processing equipment transcend functional and organizational lines and that it not be considered as the exclusive property of any one command function. For this reason ADPE is primarily acquired to meet total Marine Corps requirements and only incidentally to meet logistics or supply system requirements.

All requirements for ADPE within the Marine Corps are developed by the Data Systems Division, Headquarters, Marine Corps (HQMC), in response to

systems needs of the Marine Corps. Equipment specifications are forwarded to the Special Assistant to the Secretary of the Navy (SASN) for approval and procurement action. SASN obtains approval from higher authority as necessary and issues Request for Proposals to vendors. The Automatic Data Processing Equipment Selection Office within the office of the Special Assistant to the Secretary of the Navy makes the actual equipment selection based on the specifications developed by the Marine Corps. After selection, Data Systems Division, HQMC, provides centralized management of all automatic data processing equipment assets within the Marine Corps.

All computer procedures and programs for MUMMS, and fleet stock accounts have been centrally developed under the control and direction of Data Systems Division, Headquarters, Marine Corps. The responsibility for computer programing necessary for implementing MUMMS was assigned to the commanding general, Marine Corps Supply Activity, Philadelphia, Pa. Headquarters, Marine Corps is responsible for the remaining supply programing requirements, either directly or through the technical control of the WestPac Systems Programing Unit located on Okinawa. Computer procedures and programs for SASSY are being developed within Headquarters, Marine Corps.

CONCLUSION

This concludes my prepared statement. I will now be happy to answer any questions you wish to pose.

Mr. HOLIFIELD. Go ahead.

MARINE CORPS SUPPLY COMPUTERS

Mr. DAHLIN. General, one of the things we found out from the Army was that they had moved a computer somewhat late into Vietnam. I believe they have a 1070 operating for logistics purposes in the Saigon area, and one to back it up on Okinawa. I believe the Marine Corps uses the 360 system. It has one in Vietnam, and one to back it up on Okinawa.

First of all, I might ask the admiral whether there is another computer system working for the Navy at Danang, and whether it is compatible. But one point we could make was that at least the backup computers on Okinawa might have been consolidated if everybody had been using similar equipment, at that point, in the Vietnam supply problem. At least you might not have to have two or three backup computers on Okinawa, if the purpose, in part at least, is for backup.

Is it the case that the Marine Corps had to get a computer quick and brought in a rental computer system for Vietnam? Is that correct?

General TYLER. We had IBM 1401 computers in the 3d Force Service Regiment in the 3d Division on Okinawa before they deployed into Vietnam. We had the same type of equipment in the 1st Marine Division before they deployed. However, at a later date, after the units were in-country, and when we had our new ICP oriented computer system, MUMMS, which was built around the 360 configuration, we upgraded the computer capability at the Force Logistics Command in Danang, and the 3d Force Service Regiment on Okinawa to a 360 model 30 computer.

Mr. DAHLIN. In other words, the Marine problem was the MUMMS had not come along in time and so you were not automated quickly enough so the forces in the field could use it.

General TYLER. That is right. The MUMMS really was not expected computerwise to go to the field. However, we had trained people to write programs and run the 360 computer. So in order to upgrade

what we had in the field, we elected to justify the upgrading of the 1401 IBM into the 360, because we had the people who could write the programs and run the hardware.

Now, had we not been able to justify this, shall we say, sole source, and had to go out for competitive bidding, we could have ended up with a piece of hardware for which we would have had to have trained a number of people to write the programs and run the machinery. Since we already had some of the people trained, we were able to put them in much quicker, and have the upgraded system in operation more quickly than we would have had we gone out for bid advertising.

Mr. DAHLIN. You are renting these computers. You did not have to purchase these; is that right? Are you taking the risk or is the contractor in a combat situation in Vietnam?

General TYLER. I will have to provide that for the record, sir. I know that the Marine Corps owns some 360's and rents others. I just do not know about the one in Vietnam.

(The following information was furnished for the record:)

The Marine Corps leases the IBM 360 model 30 computer, and owns the IBM 1401–B3 card computers in Vietnam.

Mr. DAHLIN. You do have support agreements for the maintenance of such equipment.

General TYLER. Yes, sir.

Mr. DAHLIN. You may, you think, own some of these computers.

General TYLER. Yes, sir.

Mr. DAHLIN. Admiral Cosgrove, what is the situation with respect to the computers at Naval Support Activity Danang?

Admiral COSGROVE. We are now putting a 1401 in. We got this 1401 from the Army at Okinawa. It was excess to their requirements.

Mr. DAHLIN. They did not get it from the Marine Corps, did they, Admiral?

Admiral COSGROVE. Sir?

Mr. DAHLIN. They did not get it from the Marine Corps, did they?

Admiral COSGROVE. I do not know where they got it from. They had it. Also just today CNO has approved augmenting Subic with another 1401. Now, when we talk compatibility, I would like to make one point clear. You do not have to have identical computers with identical programs to have compatibility among the services. MILSTRIP, which has been in effect 3 or 4 years now, DOD standard requisition procedure, has been used and has to be used by all services in any computer at any supply stock point, ICP, will accept MILSTRIP requisitions, so you do really have compatibility between the systems insofar as interservicing. Any requisitioning that the Navy submits to any Army activity that has a computer will be processed by that computer, and vice versa, and the Marines are the same way.

So when we talk of actually getting interservice support, you do not need the same computer. You do not need the same system. That computer will process that requisition, will print out a standard DOD-wide issue form which everybody in the military understands and uses.

Mr. DAHLIN. That is the issue side. As far as the inventory side, it may be a little more complicated.

Admiral COSGROVE. Within the computer itself, the way the Army, Marine Corps, Navy, and Air Force determine their requirements will be different in all probability.

INTERCHANGEABILITY OF PARTS

Mr. DAHLIN. You indicated, Admiral, did you not, that there was some problem in trying to figure out whether parts were interchangeable and whether your system indicated which parts would work in Marine Corps, Army, Air Force equipment or not, that it is a specific item to go into a larger assembly and so forth—interchangeability.

Admiral COSGROVE. We are getting into another area now. The Defense Logistic Service Center assigns all stock numbers to all services.

Mr. DAHLIN. They assign it, but you people are the only ones that can tell whether they actually work in the field, is that not right?

Admiral COSGROVE. That is right, but what they do at the time new parts are added to a service system, that service submits his part number description and gets a stock number. Now the stock number is the common denominator.

WEAPON SYSTEM SUPPLIES

Mr. DAHLIN. If that is all the problem, Admiral, why do you go to a weapons parts list?

Admiral COSGROVE. We go to that for our own internal management purposes.

Mr. DAHLIN. Why do you need that?

Admiral COSGROVE. Because we feel that we have to become more oriented toward individual weapons.

Mr. DAHLIN. Why will not the catalog system kick out items that belong to your weapons system?

Admiral COSGROVE. We can do this. Right now we do not have equipment-related capability.

Mr. DAHLIN. In fact the catalog does not kick out items related to a weapons system.

Admiral COSGROVE. No, sir.

Mr. DAHLIN. So you had to spend a good deal of money to get your own internal inventory control system to work with the weapons system, that really is the root of the problem; is it not?

Admiral COSGROVE. That is right.

Mr. DAHLIN. Did you ask DSA to try to do something about that problem or is that system not compatible?

Admiral COSGROVE. DSA is not oriented toward weapons support. They are oriented toward commodity support.

Mr. DAHLIN. Did your programers take a look to see if there is any way it could be made compatible to serve Navy needs? How did you go about trying to solve that problem before you spent money on a uniform data system based on weapons orientation or systems orientation?

Admiral COSGROVE. No one can help us except ourselves in this regard. It has to come from our own data files.

Mr. DAHLIN. You have some systems and the Marine Corps has some systems and the Air Force has some systems, in fact those very aircraft systems you were talking about. Sometimes there are common interchangeable parts that you cannot identify because the catalog still has problems. Sometimes there are items that get lost because the inventory cannot be kept up properly, because of changes.

Admiral COSGROVE. If an item has a Federal stock number assigned, there is no identity problem insofar as the services are concerned. Now we do not have to know, if we get a requirement from the Air Force for a certain Federal stock number where he is going to use it. It is just the fact that he wants it. He can put it in a missile, he can put it in a lawnmower or whatever he has to do. But when you get down to the file I am talking about in the Navy, we have to have a capability today to be able on a real time basis to be able to pull out all items that are peculiar to the Poseidon weapon, for example, and know what the usage rate on these items has been and to be able to give Admiral Smith, who directs the total nuclear submarine program, how he stands in this area, what are our support capabilities.

If he wants to deploy—the CNO wants to deploy additional nuclear subs into some area, can we support them, and this is why we have to have this capability. Today we do not have it.

Mr. ROBACK. You need tighter control in the catalog identification system; is that right?

Admiral COSGROVE. Another round of the catalogs——

Mr. ROBACK. Tighter control oriented around weapons systems capability.

Admiral COSGROVE. I think that this should be a service responsibility; yes. I think we need it, and I am not sure how far the Air Force is along on this, but I am sure they have the same problem, and I am sure the Army and the Marine Corps do, too. But I cannot see—envision myself how this could be done centrally as economically and as quickly as it can be done within each service. In other words, you might have an awful lot of data at some central point that would take a tremendous amount of time to get it, and then a lot of it would not be of use to anybody except one service. So my point is why——

Mr. DAHLIN. Everybody thought the machines were going to solve some of those problems with masses of data but they have not yet because they still have to be managed one way or another, that is by system or by commodity.

Admiral COSGROVE. Right.

Mr. DAHLIN. And that is still a problem. In GAO report B–133118 of September 1967, Admiral, the GAO talked about some problems in the $2.2 billion worth of aeronautical spare parts and equipment. It said, "We found that the systems did not provide management with the information necessary for efficient and economical operations and management of its resources." It said at that time, "The Navy is implementing immediate and comprehensive plans for effectiveness improvements in the inventory accounting systems."

So apparently it is not just a catalog matter and may not be even the weapons system orientation.

Can you describe what kind of action was taken in response to that report, Admiral?

Admiral COSGROVE. Are these the aircraft change kits? I am not familiar with the report numbers. I do not recall.

Mr. DAHLIN. This is the inventory accounting systems of aeronautical equipment, an examination of the inventory records at ASO, at selected field installations where they were stocked. The report talked largely about the system including high value asset control and other needs.

Admiral COSGROVE. Yes, sir. We are implementing a new procedure in the control of high value items. We did respond to the GAO on this, and I think they are satisfied with the system.

Mr. DAHLIN. You provided a response, but are all of the corrections or changes now in being as of 6 or 8 months later?

Admiral COSGROVE. They either are or will be very shortly. I do not have the exact date that these programs will be implemented.

Mr. DAHLIN. Is part of the response——

Admiral COSGROVE. As I recall, it will be next month, July or August.

Mr. DAHLIN. You can supply items for the record if you have some detail on that.

Admiral COSGROVE. Yes, sir.

(The following information was furnished for the record:)

STATEMENT REGARDING GENERAL ACCOUNTING OFFICE REPORT B–133118

1. Report title

"Review of Inventory Accounting Systems for Aeronautical Equipment." B–133118, September 29, 1967 (OSD case #2606)

2. GAO findings and recommendations

GAO found that the usefulness of the Navy's "Inventory Accounting Systems for Aeronautical Equipment" was seriously limited because of inaccuracies in inventory records. GAO indicated that management decisions based upon inaccurate records resulted or could have resulted in premature procurements, under procurements, unnecessary grounding of aircraft, unnecessary redistribution of equipment, incorrect scheduling of overhaul and repair, and other adverse effects.

3. Navy action

The Navy concurred, in general, with the GAO findings and has taken remedial action designed not only to correct the records in question, but also to institute revised procedures and management systems that will prevent a recurrence of the situations described in the GAO report. The following outlines the specific actions undertaken and their status as of July 5, 1968:

(*a*) In order to correct the situation pointed out by the GAO wherein top management at the ASO (Aviation Supply Office) was not fully informed regarding discrepancies in the HIVAC (high value asset control program) a reliability branch has been established. The ASO reliability branch is now in operation and is keeping top management advised regarding significant matters relating to inventory accounting systems.

(*b*) Since the GAO review, a newly automated program has been instituted at ASO to assist HIVAC analysts in reconciling mismatched transactions. This program was implemented in April 1967 and through its use backlogs have been eliminated and current mismatches between ASO and field activity HIVAC records are being processed on a timely basis. A standard program for reconciling all inventory control point and field activity records throughout the Navy is scheduled for implementation in July 1969.

(*c*) In order to provide continuous control over high value items undergoing repair, a suspense file has been established at the field activity level which indicates induction and return of repairable items to the supply system.

(*d*) As a result of a complete study of the HIVAC system following the GAO Report, major changes in policy, procedures and criteria for the Navy HIVAL/

HIVAC program were instituted and released under SECNAV Instruction 4440.-29A of February 8, 1968. Some additional work remains to be done, particularly in the area of programing standard Navy-wide automatic data processing systems; however, corrective action has been completed on the great majority of the discrepancies pointed out by the GAO.

INACTIVE ITEM ELIMINATION

Mr. DAHLIN. Another recent GAO report of November 1967 dealt with the problem of eliminating low-cost, low-demand spare parts. This is related to the matter in your statement, Admiral, that you raised about your system having to contain large numbers of items which are in relatively infrequent demand but which you thought you had to still keep in the system. The GAO was dealing with items where it found there had been no requests for over 3 years. I suppose this is a matter of judgment as to just how long you have to keep things in the system in order to be able to respond. Could you tell us about that problem in a little more detail?

Admiral COSGROVE. We have eliminated in fiscal year 1967 and 1968 111,000 items. In other words, we have withdrawn interest on these items, and they will be dropped from the Navy and DSA system.

As you know, DSA requires each service to conduct what they term an inactive item review; items that have been inactive in their system are referred to the service which registers interest on those items, and we have dropped the total in the past 2 years of 111,000 items.

I think in our most recent item management coding we dropped 68,000 items between December and March.

Mr. DAHLIN. Are these substantial increases in number of items, the ones you cite for dropping out of the system? In the present high rate of turnover and obsolescence in both systems and individual items, does the Navy have the capability to really keep screening its own catalog or categories of items, or are you falling behind in that respect?

Admiral COSGROVE. No, we have this capability, and I think we are keeping up with this. The only problem here—and I will get back to this weapons system and I keep repeating it, there are many items in our system we do not know what the application is, and we are reluctant to dispose of items that have a long procurement leadtime. It may be very difficult to even find a vendor who can make it for us so unless we know exactly what equipment it is used in, how many of those equipments are in use——

Mr. DAHLIN. That was one of the defects——

Admiral COSGROVE. Right.

Mr. DAHLIN (continuing). Of the original conception of the catalog: It did not have an application file in it, unless it is one that is accessible only at extreme cost and time of the computer, is that the case?

Admiral COSGROVE. I do not think it should be in the cataloging system. I think it would create a massive——

Mr. DAHLIN. It will be in your weapons system file.

Admiral COSGROVE. Yes, sir.

Mr. DAHLIN. You think that is the only place even though in some cases you have to redo a lot of areas of equipment, if you keep it by weapons system; where you have common components, assemblies and

whatnot, then you in effect have to redo it several times or keep it twice.

Admiral COSGROVE. We do not anticipate any maintenance problem once we get this program on the machine.

MARINE SASSY PROGRAM

Mr. ROBACK. General Tyler, in your statement you talk about a third generation automatic data processing, which goes by the acronym SASSY, standing for——

General TYLER. Supported Activity Supplies System.

Mr. ROBACK. Is this a hardware program that you are planning, that you are developing, or you have under procurement? Where does it stand? Have you chosen the hardware, for example?

General TYLER. No, sir; we have not chosen the hardware. We cannot because we have not got the thing completely designed, and we are not sure of exactly how it is going to operate.

What we have done is, knowing that we have 360's in the 3rd Force Service Regiment at Okinawa and in-country, we have taken our ideas and flow charted what we want done and have selected portions of that to write the definitive machine programs to be run on the 360.

When we are finished with the program writing, we will make a definitive test with the assets in the hands of the Third FSR, in the hands of their customers, and try to prove our system under actual conditions before we go ahead, firm it up and present it as a system for which we would get approval, and then proceed to acquire the hardware.

Mr. ROBACK. This will give you all the visibility you are looking for, the worldwide which you do not have now.

General TYLER. Yes, sir. This would put it in automatic data processing hardware. We do not intend to try to bring into the record in Philadelphia the assets of every stock number in the Marine Corps system wherever it may be located. We do have a program now that has been written and tested and it is completely functional, in which we have certain definitive listings of items in which the troops report the onhand quantities. They report every time they lose one, and of course as we fill their requisitions to replenish their stock, we can make the updating for them.

At the present time we have asked the troops to verify for us the figures that our program says are in their hands. In other words, we have taken all the information we had and formulated it and gone back to the customer in effect saying, "Our records indicate you have 10 of this particular stock number. Verify."

So when we get the verifications back, we will have accomplished our final major step in having the entire program automated. This is applicable now to 1,300 end items and around 1,400 additional high value secondary repairables and depot repairables.

Mr. HOLIFIELD. Will you kind of define that into language a layman like me can understand? What do you mean the repairable items? Are you talking about automotive equipment and that sort of thing?

General TYLER. Let me state first tanks, radios, LVT's, all the major items are under this control. We are not controlling the cartridge belt

for the enlisted man. There is a criteria for major items, and they are all in the system. When we talk about depot repairables, we are talking about a complete engine, a complete transmission, a transmitter of a complicated radio set or an antenna for a radar.

On the secondary repairables we are moving down to a different type of item but of reasonable dollar value. These would be modules for electronic sets, other types of items for automotive equipment, not quite of the magnitude of a complete engine.

We are trying to control the items which have significant dollar value, that can be repaired or rebuilt and turned around and sent back to the troops. We will have asset visibility of those items from the infantry battalion all the way back up to the inventory control point. The bulk of these things in the infantry battalion will be the basic allowance that they are using.

In other words, to move back up to the service battalion, we will find out that at the service battalion they may have five replacement engines to put into vehicles. If so, the five will be on our record. If they are returned to a higher echelon for rebuild, and they draw the replacements, we will know that, so we will be able completely to update the location of the items we bring into our system.

We do not intend to bring all items into this system.

Mr. HOLIFIELD. I can see where it would burden your system with detail if you tried to take care of every item, particularly items that are usable, expendable, or losable, small items like, as you said, cartridge belts and many other items that would fit into that category. Once that is issued, as far as you are concerned, it is off the list.

General TYLER. Yes.

Mr. HOLIFIELD. And it is considered expended as far as inventory control is concerned.

General TYLER. Yes, sir.

Mr. ROBACK. Do you have to get approval at the Department of Defense level for the equipment?

General TYLER. What equipment, sir?

Mr. ROBACK. For these third generation.

General TYLER. Oh, yes, the same ground rules as everybody. We will have to present up through our normal channels—as far as we are concerned, it is through Marine Corps Headquarters to the same office in the Navy that Admiral Cosgrove mentioned, the special assistant to the Secretary of the Navy and he will have to carry it on up to the DOD I. & L., and as far as SASSY is concerned, I am going to have to have all the necessary documentation to show what the system is, what it is supposed to do, and how it is supposed to work, and the equipment specifications for the type of hardware which would be required.

Now, that will be based upon our estimates of the number of files we have to maintain, the number of transactions to be processed against those files within certain time frames, and within that there should be the opportunity then for the vendor to come in and designate the hardware he feels will do the job.

Mr. LUMAN. Would this be a dedicated supply computer?

General TYLER. I am looking at it that way. After I come up with my supply requirements, however, the fiscal officer will probably get

ahold of it and decide what he thinks he might need in the way of fiscal information. Then there is an office in Headquarters, Marine Corps, responsible for determining whether or not there are other functions within this unit that can be put in the same hardware, and it may end up by being a system which may serve many purposes.

Mr. HOLIFIELD. We stopped at Okinawa on a trip we had in January, where you are rebuilding the depot, the repair depot.

General TYLER. Yes, sir.

Mr. HOLIFIELD. We didn't have much time there. But you have got quite an operation there of repairing all kinds of things. I am not sure if it was the Marines. Was it an Army base?

General TYLER. We have the 3d Force Service Regiment located in Okinawa.

Mr. HOLIFIELD. You do?

General TYLER. And they are storing material and doing a limited amount of fifth echelon, and as much of the third and fourth echelon repair as is necessary to fill in for the in-country forces.

Mr. HOLIFIELD. Does the Army do any work for you there in the way of repairs?

General TYLER. Yes, sir.

Mr. HOLIFIELD. Of automotive equipment, trucks, and things like that?

General TYLER. We have a number of agreements with the Army on Okinawa and with the Army up in Japan to assist us in using their facilities for major rebuild programs.

Mr. HOLIFIELD. Thank you very much, Admiral, and General Tyler. We will excuse you from the witness table now, and call General Riemondy of the Air Force to the table. I think we will put your statement in the record in its entirety. It is quite long, and we will proceed to discuss it by question and answer, General. That will save your time and ours.

General RIEMONDY. Very fine, sir.

(The biography and statement of General Riemondy follow:)

BIOGRAPHY OF BRIG. GEN. A. A. RIEMONDY, DIRECTOR, SUPPLY AND SERVICES, DCS/S&L HEADQUARTERS, U.S. AIR FORCE

Brig. Gen. A. A. Riemondy was born in Temple, Pa. on October 19, 1918. He attended Lehigh University, Bethlehem, Pa., and received a commission as a second lieutenant July 1941. During World War II, General Riemondy served with the 4th Air Depot group in the southwest Pacific area. Since February 1946 he has held assignments as: Maintenance Technical Inspector, Headquarters Air Materiel Command; Division Chief in the Office of Assistant for Development Programing, DCS/Development, Headquarters U.S. Air Force; Director of Maintenance Engineering, Central Air Materiel Area, Europe; Commander, 3131st Maintenance Group, Chateauroux, France; Chief, Plans and Production Division, and Acting Deputy Director of Maintenance Engineering, Headquarters Air Force Logistics Command; Director of Materiel Management and Deputy Commander, Middletown Air Materiel Area; Director of Materiel Management, Ogden Air Materiel Area, Air Force Logistics Command. In October 1967 General Riemondy was promoted to brigadier general and in February 1968 assigned as Director of Supply and Services, Headquarters U.S. Air Force. In his present position, General Riemondy is responsible for supply policy and management of spares, equipment and supply services, and systems in support of Air Force activities worldwide including provisioning, requirements computations, financial planning, storage, issue, and disposition.

PREPARED STATEMENT OF BRIG. GEN. AUGUSTUS RIEMONDY, DIRECTOR OF SUPPLY AND SERVICES, U.S. AIR FORCE

Mr. Chairman and members of the subcommittee, I welcome the opportunity to present information on the operation of the Air Force supply system and its support to our forces worldwide. Due to the magnitude and complexity of the system, I intend to present only a broad overview but will expand upon any facet that you may desire.

As the Director of Supply and Services at Headquarters U.S. Air Force (under the Deputy Chief of Staff for Systems and Logistics) I am responsible for all matters pertaining to these functions in the Air Force. The planning and policy guidance developed by my Directorate is based on congressional legislation and on the decisions of the Secretaries of Defense and the Air Force. My basic responsibilities are: (1) the issuance of policy directives governing the supply and service functions within the Air Force, and insuring their implementation; and (2) review of materiel requirements for support of Air Force units within the framework of budgetary justification.

To better understand the operation of the Air Force supply system, a brief description of the Air Force organizational structure may be helpful. Below headquarters level, the Air Force is divided into a number of major commands. Some of these commands such as the Aerospace Defense Command and the Strategic Air Command carry direct responsibilities for the Air Force mission of defense and retaliation respectively. Air Training Command, Systems Command, and others carry out support functions for the operational commands. Logistics support of the operational and support commands is the function of the Air Force Logistics Command located at Wright-Patterson Air Force Base, Dayton, Ohio, commanded by Gen. Jack G. Merrell.

The Air Force Logistics Command's mission is to support the Air Force's aerospace weapon systems for constant readiness and it functions as the Central Spares Procurement, Support, and Maintenance Agency of the Air Force. It must perform this mission—which is constantly growing in size and complexity—at the lowest possible cost. It must make certain that the combat and other commands have the logistics support needed to maintain their aircraft, missiles, and support equipment constantly at top efficiency.

It provisions, computes requirements, stores, distributes, redistributes, and repairs almost all Air Force peculiar spares, repair parts, and equipment. Along with these basic responsibilities, AFLC prepares and defends budgets, lets procurement and maintenance contracts, and performs various maintenance functions.

The big industrial-type logistics centers which carry out most of the command's operational functions are known as air materiel areas (AMA's). There are five of them—wholesalers—all in the United States. They are located at Ogden, Utah; Sacramento, Calif.; San Antonio, Tex.; Oklahoma City, Okla.; and Warner Robins, Ga., near Macon.

Our current five AMA operations resulted from many years of experience. As improved communication, transportation, and electronic data processing came into being we closed our overseas and many of our CONUS wholesalers. We feel our current direct wholesaler to retailer system has served us well during the SEA buildup and will continue to do so in the future as further advances are made in computer, communication, and transportation technology.

Our AMA's now process approximately 17 million requisitions from field activities each year. In addition, more than one and a half million items are repaired every year by the maintenance and repair facilities within the command. Among these AMA's approximately 900,000 items, with a gross inventory value of $11 billion, are managed by the Air Force. Another 800,000 items are secured from GSA, DSA, and the other services for the Air Force.

Each AMA is organized along identical lines and carries out its responsibilities based on standard policy and procedures established by Headquarters, AFLC. Each AMA is responsible for managing particular items of supply. No other AMA has the responsibility for managing the same item, thereby eliminating any overlap of item management. Central control is our basic management philosophy. Each base activity (retailer) is advised by supply catalog data which AMA (wholesaler) is responsible for managing a particular item and therefore where to obtain the item.

Within the AMA, management of items is carried out by individuals designated as item managers. This person and only this person manages his assigned items. Information which he needs to make effective management decisions is readily available to the item manager. This includes information concerning wearout rates, repair schedules, weapons application, procurement leadtime, and program data.

Each AMA is also assigned management responsibility for a portion of the 300 various weapons and/or support systems. The system support manager (SSM) is responsible for assuring support of his system. He works in conjunction with the items managers and other commands to resolve support problems for his system.

CENTRALIZED CONTROL IS THE KEY

The major development which has made centralized control possible is computer technology combined with improved communications and air transportation. From acquisition of our first computer in 1951 until now, the Air Force has become one of the world's largest users of electronic data processing equipment. By using computers we can supply, in minutes or hours, information which would previously have taken days or weeks to compile.

We are using computers to forecast inventory requirements, formulate budget and financial plans, conduct war gaming and tell us (through simulation) what downstream problems we may encounter on new systems. Since information is the lifeblood of control, we look for a vastly expanded use of computers in logistics management.

Another major feature of our supply system is the elimination of intermediate echelons between our AMA (wholesalers) and our base supply or retail activities. As an example, if Cam Ranh Bay needs a peculiar F–4 part, a requsition is submitted using electrical transmission means, to our Ogden AMA, which is the item manager wholesaler. The requisition is received almost immediately by this item manager without any intervening echelons. Shipment is made direct to Cam Ranh Bay. Processing time and shipment mode are dependent upon requisition priority. If the item is not available, and base need is of sufficient priority, the manager at Ogden may direct redistribution of the part from any Air Force base having the item in stock. Ownership and control of the centrally managed item(s) in our supply system are vested in the AFLC.

Many new systems have been developed to enhance management of our inventory. One of these new systems, pertaining to the high dollar value items, is called the Air Force recoverable assembly management system (AFRAMS) which was implemented November 1, 1967, after many months of development. It gives the AFLC item manager continuous asset information by base, by condition and location, for 77,000 line items subject to repair at depot level. These items represent an investment of over $5 billion.

By knowing the location and condition of the items, the item manager can redistribute those in short supply from bases where they are available to bases which have a priority need. The system permits a high degree of compatibility between total Air Force requirements (and the distribution pattern), while permitting positioning of the items at base level.

AFRAMS provides the item manager a complete history of item consumption to insure greater validity in the computation of buy requirements. In this connection, it permits a closer relationship of the requirements computation with force and activity programs to insure that requirements are predicated on the anticipated flying hours programs.

Plans call for the expansion of this management system to an additional 77,000 recoverable line items having an investment value of $300 million, which are normally only repaired at base level.

Here, let me describe how we tie in our procedures for reparable item control at base level. When a reparable item is removed from an aircraft (or other system) by maintenance and a demand is made for a like replacement item on supply, a due in from maintenance (DIFM) transaction is instituted to insure that the removed item is returned to supply. We do not rest until the item needing repair is returned to supply in a serviceable condition or maintenance indicates the item cannot or should not be repaired. These reparable procedures with the AMA/Base AFRAMS control systems, complete the loop on control of reparable items.

For extremely expensive items such as aircraft engines, F–4 stable platforms, Minuteman missile guidance units, et cetera, we maintain even tighter controls by

serial number giving us daily status. Items are moved by air and repair and handling is expedited. By using these management techniques, we have been able to significantly reduce the number of spares required for weapons support.

Each of the commands has a supply staff to manage supply operations within their command to insure that central policy and control are carried out as directed by Air Force Headquarters. The various commands recommend policy changes which are approved or disapproved based on their merit.

At each major base in the Air Force we have a single chief of supply who performs and supervises the retail operation of the base supply system. All activities on each base obtain their supply support from this one base supply account except for medical, cryptographic, nonappropriated funds, et cetera. This activity in turn is the only organization authorized to go to the wholesale organizations, such as AFLC, DSA, GSA, for items of supply.

The chief of supply is the senior supply officer on the base with broad supply background. To assist him we have individuals designated as managers for spares, equipment, fuels, et cetera. Our bases usually manage 40 to 70,000 supply line items.

The chief of supply, is responsible for supporting all—and let me emphasize the all—units on the base. As an example, if ADC and SAC share a base, as they often do, there is only one supply activity on that base to support both units. Other onbase organizations such as civil engineer, communications and weather are also supported by the same single supply activity. On some bases we have as many as 75 organizations drawing support from the single supply organization.

To accomplish our supply accounting functions at Air Force bases throughout the world we use UNIVAC 1050–II computers, under program control, in a standard organization. Installation of this standard system has literally revolutionized our overall supply operation. We now enjoy a responsive requisitioning and inventory status reporting capability. By standardizing computer hardware, data systems, and supply procedures, we have taken a significant step forward in further improving our logistics system, resulting in reduced inventories, improved customer support to tactical units, and reallocation of several thousand manpower spaces to other essential functions.

Program changes cannot be made by base personnel or the major command owning the base. Policy and computer program changes are directed through only my office. We can implement changes and improvements much more quickly. When my office directs program changes I am confident they are implemented uniformly, worldwide, on the dates directed.

Though each of our bases has a slightly different mission, our supply system and procedures are flexible enough to effectively support all of them. Stock levels, accounting procedures, inventory techniques and frequency, funds management, reports, and organization have all been standardized and are centrally controlled.

Inventory procedure is a good example of our centralized control. Here, we are striving to improve our inventory accuracy by establishment of standards, and comparison of the performance turned in by the separate bases and commands.

The amount of control exercised over our spares assets is based on the value of the items to be inventoried. We have quarterly inventories of our Hi Valu and critical items, and our objective is 100 percent accuracy. Every item must be accounted for.

Equipment items are inventoried at least once each year, and again, each item must be accounted for.

On our low-cost, hardware-type items, we authorize the use of sampling techniques, and expect an accuracy of 80 to 90 percent.

Another good example of our centralized control is in the management of our bases versus AMA outstanding orders. For base orders placed on an AMA but not yet supplied, we have special programs to keep the two sets of books in agreement—we call this process back-order validation. When we initiated this procedure, we found the books to be less than 50 percent in agreement. By central control of programs and command attention, our accuracy has improved to nearly 85 percent. We are refining our methods to take advantage of lessons learned, and revisions to the procedures, to be implemented on November 30, should produce a 95-percent accuracy rate.

Another major benefit has been the reduction in training requirements and increased efficiency of our supply personnel. Our personnel are now immediately productive when they are transferred between CONUS bases of different

commands or between overseas and CONUS bases. They no longer have to learn a new system each time they change bases. They have only one system to know and understand and they all speak the same language.

The bases and AMA's are linked by a very effective automatic digital communications network system called AUTODIN. Requisitions are produced at bases by computer, transmitted over AUTODIN to the AMA, processed there by computer and status furnished back to the bases automatically.

We are sometimes criticized for having a large percentage of high-priority requisitions. We are willing to accept a high rate since we don't have overseas depot stocks as buffers and our bases are on a direct wholesale-to-retail basis. We have believed for several years that rapid communications and transportation are far more economical than the costs of theater depot complexes.

Equipment items in the Air Force are also centrally controlled and managed. These are items which perform a function themselves such as electronic test sets, ground air conditioners for aircraft, shop equipment, and mobile radar sets regardless of supply source. Each piece of AMA-managed equipment in use in the Air Force is reported periodically to the AMA Item Manager. When an item is issued by the base equipment manager to a using organization, the issue is recorded by the local base equipment manager and reported to the appropriate item manager (IM). We do not permit any significant stockage of equipment items at base level. An equipment item either has a validated unit requirement, is returned to the IM, or shipped to a unit requiring the item at the direction of the IM. Again, certain items such as vehicles are very closely controlled by serial number.

We feel that we have been extremely successful, especially in the face of our expanded operation in Southeast Asia and other locations around the world. One measure we use in supply to determine our effectiveness is rates of aircraft not operationally ready (NORS) to fly because of a lack of parts. Our worldwide and SEA rates have shown a steady decrease over the past 18 months and are now below our 5-percent objective. This performance has been achieved in the face of some very formidable problems. We have not realized these successes merely by buying more and more spares and building up enormous stocks. The dollar value of supply stocks required to support our increasing weapons systems costs has shown a marked decline while the systems costs have shown a steady increase. For example, in fiscal year 1961 our investment in combat equipment amounted to $31 billion while the spares necessary to support this inventory amounted to $9½ billion—a 3-to-1 ratio. In fiscal year 1967 we had a capital investment of over $39 billion with a spares support inventory of just $8 billion—a 5-to-1 ratio.

The Air Force is very proud of its supply record, but we are not resting on our laurels. Our management attention has been, and is now, concentrated on several areas where we think further improvement is required. We believe our worldwide logistics support posture, plus support of Southeast Asia, is evidence that our Air Force supply system performs "as advertised."

It has not been necessary to make any major realinement in our system to support the escalation of hostilities in Southeast Asia, although we have had some problems which have required intensive effort by our supply personnel at all echelons. Only through their untiring efforts have we succeeded. I do feel, however, that our basic system has been both cost effective and responsive.

Most of the aircraft were initially deployed to the forward areas with kits containing spare parts to support 30-day sustained operations. Maintenance was limited to removing and replacing of components. Most maintenance and component repair was performed at the main operating bases located in the Philippines, Okinawa, and Japan.

With the buildup of U.S. support early in 1962, the Air Force established a base supply at Tan Son Nhut, Vietnam. This supply account provided general support and some aircraft support to all of Vietnam. AUTODIN capability was established in mid-1963. By late 1964, approximately 25,000 line items were stocked. The small units in Thailand during this period were supported from Clark AB. In early 1963, equipment accounts were organized and located at Tan Son Nhut, Vietnam, and Don Muang, Thailand. They were responsible for centralized equipment management within their respective countries. These organizations gave us a good nucleus for the growth that was required later, and provided adequate support during the period 1962–64.

Escalation of our forces began in earnest during 1965. During a very short period in late 1965 and early 1966 our aircraft and deployed squadrons increased

by over 400 percent. The line items needed to supoprt this increase grew from 25,000 to 1.2 million. Several new bases were built and others were greatly expanded.

To supply this was a great challenge that had to be met. An enormous amount of work had to be done to support the buildup. In Southeast Asia we had to expand our base supplies from one to 17 new locations, all using manual accounting systems. We also moved preassembled packages of field-type equipment and supplies which provided the items needed to initially bed down the incoming troops. These packages had been in existence as part of our war readiness materiel program. Ammunition and other combat consumables were also available through this program.

When units first arrived at the new bases few facilities existed, so the level of maintenance remained at the remove and replace stage until facilities could be built. During this period reparable items were evacuated to other established theater bases or to our AMA's for repair.

Back at AFLC they organized the Logistics Activation Task Force (LATAF), within the command post, with the assigned top-priority mission of insuring orderly and timely logistics actions to the expanding bases. LATAF is composed of experienced logistics specialists drawn from the functional staff agencies. They monitored and assisted in the equipping of newly constructed bases in order that proper facilities were prepared in advance of the arrival of assigned tactical units. In this way the time lag between deployment of a combat unit and its operational readiness within the theater was held to the minimum or eliminated altogether. Also the combat unit was assured that its weapons systems would have equipment needed to stay at peak efficiency.

LATAF established a program called Bitter Wine for determining new base equipment and supplies requirements, requisitioning and assembling functional packages and shipping them direct to SEA bases. By September 1967, 339,000 line items consisting of 29 million units, weighing 124 million pounds, had been moved to SEA.

As maintenance and other facilities came into being the materiel shipped under the Bitter Wine program was readily available for use.

During the 1965 and 1966 buildup our basic framework of direct depot to base support was sound. However, the startup of a new base supply activity necessarily encompasses much more work and activity than operating an already established base. We made some mistakes and our controlled system gave us the data we needed to take corrective action. For example, early in 1967 an equipment redistribution program was started in the Pacific which has resulted in the redistribution of equipment valued at approximately $53 million. A supply redistribution program started in June 1967, which is still continuing, has resulted in a redistribution of supplies valued at $7½ million. We are currently participating in the Pacific Utilization and Redistribution Agency program in the Pacific and have offered $29 million of excess materiel as available.

Manpower for surge work periods was provided by the AFLC through their rapid area supply support (RASS) teams. RASS teams are composed of AFLC AMA civilian or military personnel of various supply skills selected to meet the specific requirements of the workload that had been generated as a result of extreme emergencies. Size of the various teams and length of stay at SEA bases varied depending on work to be done. Use of RASS teams was effective in providing newly formed supply activities the temporary help they needed to meet peak workloads.

A total of 53 teams was provided to SEA from September 1965 through January 1968. At the peak of effort in 1967, approximately 300 RASS personnel were continuously assigned.

To further assist SEA bases in resolving difficulties with CONUS suppliers and to monitor intratheater redistributions, supply control points were established at 7AF/13AF and PACAF. Their primary job was to act as the area focal point in redirecting critical parts between bases as the need arose. These centers were very effective in reducing our overall NORS rates in Southeast Asia.

Another highly successful innovation during the buildup period was the "special express" system of air munitions control. It was developed to provide a fast, even flow of munitions directly from the west coast of the United States to Southeast Asia. Originally it was a five-ship shuttle system which was later expanded to include 10 additional vessels. The ships were loaded like retail stores carrying various types of munitions, each in its own temperature-controlled section of the hold. Arriving in the combat zone, they anchored offshore to be-

come floating munitions warehouses. As required, shore-based offloading vessels (lighter) pulled alongside the special express ships, and the munitions were loaded directly into mobile weapons transporters that had been prepositioned aboard the lighter. Once back on shore, tractor trucks hauled the loaded transporters directly to the using base.

We realized very early that manual and punchcard accounting procedures could not keep pace with the transaction generated on these bases. The 1050–II computer program was being successfully implemented at Air Force bases worldwide during this period, so we elected to provide them to SEA bases also. Installations started during the summer of 1966 and the program is now completed in SEA, except for one base. The standard Air Force computer program has assisted greatly in improving our supply management responsiveness and establishing sound stock levels. We presently are procuring a mobile version of the 1050–II as a spare to move to a location where computer malfunctions, or enemy action, may generate the need for a temporary replacement.

Many lessons have been learned and, of course, minor system changes have been made where necessary to resolve problems that arose during the buildup.

In closing, I will say that a logistics support system, such as the Air Force has, must have one inherent quality or characteristic—it must be flexible. It must be able to respond to whatever the combat situation may be. In the last 15 years, the USAF's logistics support system has demonstrated that it possesses that kind of flexibility. We have proved it in Berlin, in the Middle East, in the Congo, in Cuba, and in Santo Domingo, and we are proving it today in Southeast Asia.

STATEMENT OF BRIG. GEN. AUGUSTUS RIEMONDY, DIRECTOR OF SUPPLY AND SERVICES, DEPUTY CHIEF OF STAFF (SUPPLY AND LOGISTICS), HEADQUARTERS, U.S. AIR FORCE; ACCOMPANIED BY LT. COL. WILLIAM W. YARY, CONGRESSIONAL HEARINGS PROJECT OFFICER

Mr. ROBACK. This statement doesn't indicate that you have any problems in the Air Force.

General RIEMONDY. If we left that impression, that is not exactly correct. I would say that we don't have any major problems.

Mr. ROBACK. I should have asked Admiral Cosgrove this also, but I will ask you. What are the worst problems that you have with supply? I see the admiral is leaving hurriedly.

Admiral COSGROVE. Just making a living.

General RIEMONDY. I think the worst problem is the ever-changing requirement that we are confronted with. Our business is to take advantage of the latest state of the art as far as weapons are concerned, and needless to say, when we do this it breeds obsolescence. So the biggest problem is trying to balance out what we provision to support the ever-changing weapons systems, and in order to reduce the amount of obsolescence.

If we would plan, for example, to satisfy every peak program and make sure that no equipment is out of commission for the want of parts, why you build a certain amount of surplus into the system.

What we have been trying to do is to say that at some point in time we are willing to take a calculated risk of having some equipment out of commission, so that we can reduce the amount of material which then becomes obsolete.

This is a difficult job. There are certain trade-offs. So I would say that this is probably our biggest problem, to insure that we are responsive to the operational commander's need, but at the same time recognizing that if you are completely responsive, having no equip-

ment out at all for parts, that at some point in time you are building a lot of waste into the system. So what is the proper trade-off.

Mr. ROBACK. You have been in the forefront, have you, of automatic data processing for logistics? Would you say the Air Force has been ahead of the other services?

General RIEMONDY. I think we recognized the need perhaps earlier than the other services did, and we probably moved out a little bit quicker than they did in these areas.

ASSET VISIBILITY FOR CONTROL

Mr. ROBACK. Do you have the kind of worldwide assets visibility that has been under discussion, which the Army lacks in some significant degree?

General RIEMONDY. I would say that at this point in time we have centralized visibility of our inventories. At the present time we have worldwide visibility over 80 percent of the dollar value of our stocks.

There are certain kinds of items which the chairman spoke to a little while ago over which we do not maintain worldwide visibility on. Once we issue the material from one of our five depots that we have, all located in the ZI, we don't try to trace that materiel on a daily or monthly basis.

Mr. HOLIFIELD. It costs more.

General RIEMONDY. These are low-cost items.

Mr. HOLIFIELD. It costs more to keep track of it?

General RIEMONDY. Yes, sir.

Mr. HOLIFIELD. More paperwork and time than the article itself is worth probably.

General RIEMONDY. Yes, sir. We have a concept of selective management within the Air Force, and this dictates the amount of management attention we direct toward an item. It is somewhat proportional to the dollar value of the inventory that you are talking about on an item by item basis. There are a lot of little bits and pieces which are needed to repair end items. We call them EOQ items or economical order quantity type of items. We don't try to maintain worldwide visibility on these low-cost items at all times.

However, by the same token, this doesn't say that we don't exercise control over these items, because the stock leveling procedures, the amount of stock that can be stored at a particular base, how they requisition this item, how they dispose of these items, this is all centrally controlled and pretty much directed from office right here in the Air Staff in the Pentagon. So while we don't have day-to-day visibility, this does not necessarily mean we don't have control of what goes on with these assets.

Mr. ROBACK. Do you have overseas depots?

General RIEMONDY. None.

Mr. ROBACK. You don't have any?

General RIEMONDY. No.

Mr. ROBACK. It has been represented in earlier testimony, as we understand generally, that the Air Force is U.S. oriented as far as its supply channels and controls go. It doesn't have the problem of the Army trying to determine the extent to which there will be centralized

control over overseas depots and over logistical concentrations, complexes.

General RIEMONDY. We had the problem. We had an overseas depot concept up into the midfifties. But we recognized that we could go on a direct support concept as improvements occurred in our communications and transportation systems.

We phased out our overseas depots. And incidentally we also phased out a lot of our depots within the ZI, too. We reduced them down to the five, we have five in being today.

Mr. ROBACK. Those are the air materiel areas?

General RIEMONDY. These are the air materiel areas run by the Air Force Logistics Command, within the United States.

Mr. HORTON. How do you stock equipment, for example, in Thailand, if you operate out of a depot here?

General RIEMONDY. We provide to the bases which we have in Thailand under predetermined stock levels what they need to carry out their mission for a certain period of days, depending on the order and shipping time of resupplying from the ZI, these bases are then supplied with the items of supplies and equipment, which they need, directly from one air materiel area within the United States.

Mr. HORTON. Does that apply to ammunition, bombs and all of that?

General RIEMONDY. It applies to everything they need to carry out their mission. Now everything they need to do their job is not necessarily provided to them by one of our air materiel areas.

For example, the Air Force uses about 1,700,000 line items of supply. We centrally manage, within the Air Force, about 900,000 of these line items of materiel. About 800,000 of them are provided to the Air Force from single managers, such as DSA, GSA, and in some instances the other services.

AIRLIFT OF AIR FORCE SUPPLIES

Mr. ROBACK. When you wrapped up the overseas complexes and came home, so to speak, this was predicated upon the availability of ample resources for airlift, and in a sense this concept was particularly suitable to the Air Force, because you are the flying service.

General RIEMONDY. Well, I think there is an impression that has been given to the committee that I had better correct.

Mr. ROBACK. Let's do that.

General RIEMONDY. All right.

While it is true we closed out overseas depots predicated on the advancements which were made in communications and rapid airlift or rapid transportation, it does not necessarily mean that we ship everything to our customers worldwide by air.

While it is true that the single manager agency of airlift for the Department of Defense is the Military Airlift Command, this does not mean that the Air Force controls what the Military Airlift Command moves. As a matter of fact, I have some statistics here which indicate that, for example, in the month of April, the Military Airlift Command moved some 32,000 tons of material outbound, and of that 32,000, about 17,000 tons was in support of the Army.

Mr. LUMAN. General, can you express that in terms of how much of the Air Force's requirements were moved by air as compared with how much of the Army's were moved by air?

Mr. ROBACK. That should be an interesting statistic.

General RIEMONDY. Let me explain how the Military Airlift works a little bit. Each of the separate services determines its requirements for air movement, and provides these requirements to the Military Airlift Command. The Military Airlift Command tries to satisfy all of these requirements.

In the event there is insufficient airlift to move all this air-eligible cargo, and I think it is important that we talk to air-eligible cargo, then the Military Airlift Command, as the single agent for the Department of Defense, will try to prorate the shortages. These go back to the separate departments.

If that particular department is unhappy with that allocation, the determination is made at JCS level as to which department's material will in fact move, and the amount of it. So you see, the Air Force, although they fly the airplanes, the Air Force does not have the prerogative of saying who will receive the lion's share.

Mr. ROBACK. You are talking about the controls, which we have no question are equitably exercised, but we are still coming back to the statistics: How much of the Air Force supply moves by air compared to Army in terms of percentages of dollar volume or percentages of total cargo, any way you want to do it.

Give it to me for the last year rather than the last month, and you will see the figures will be different. It sticks in my mind that Air Force supply moves about 80 percent air compared to something like 20 percent Army. This is just a dim recollection, but I seem to recall some such ratio.

General RIEMONDY. It is pretty hard to say.

Mr. ROBACK. I mean the figure is available somewhere. You may not have it.

General RIEMONDY. I don't have that data available.

Mr. ROBACK. The Airlift Command might have it.

General RIEMONDY. No. The Airlift Command wouldn't have it either, because the Airlift Command would only concern itself with that which moves by air. That which moves by sea we would have to get this from some other source.

Mr. ROBACK. But there isn't any question that the Air Force is more airlift minded than the Army. In fact, there is a program afoot for the Airlift Command or the other authorities concerned with this problem to inculcate in the Army more air-mindedness. I raised a question in earlier testimony that there were apparently some contrary tendencies at work, namely on the one hand there is the criticism of moving noneligible airlift, and on the other hand there is an effort to make the Army more airlift minded. I said if you are strict on the one, you are not going to be successful on the other. Are you aware of this problem?

General RIEMONDY. I don't know the extent of the problem, but I would imagine that there are differences of opinion as to the best way to move material.

Mr. ROBACK. We are not criticizing the Air Force for using airlift as such. The question really is can the Army, which has apparently more supply problems than the Air Force, improve its supply system without having to go to airlift to the extent that the Air Force has.

Now if it did, if the Army, for example, is going to move say 75 or 80 percent by air, which I think is probably in the neighborhood of the Air Force ——

General RIEMONDY. No.

Mr. ROBACK. No?

General RIEMONDY. I will give you a for instance why this isn't correct.

Mr. ROBACK. Al right, we will get to that. Maybe while we are talking one of your assistants can get that figure by telephone.

Colonel YARY. Sir, would you state the question again?

General RIEMONDY. I know the question. How much of supplies that we have a requirement for, in the overseas areas, is moved by air, and how much of it goes by surface, and the statement was made that it would be about 80 or 85 percent.

Mr. ROBACK. Let's have a comparative figure with the Army.

General RIEMODY. I think this isn't correct. Let me say this. The biggest commodity as far as volume is concerned, that is currently being utilized by the Air Force today, is air munitions.

By the end of May this year, we had dropped more air munitions in Vietnam, than we dropped in the European theater during all of World War II.

We are probably moving in the order of 100,000 tons a month of munitions by sea. Now the total amount of air movement Air Force-wide in the month of May was only 9,500 tons. So if I just talk to the one commodity, munitions alone, I can't come up with your figures of 85 percent by a long shot.

Mr. ROBACK. Do you move your own POL? You get it from the Army, don't you?

General RIEMONDY. The Army is responsible for transporting our POL in-country.

Mr. ROBACK. In-country?

General RIEMONDY. Yes.

Mr. ROBACK. Who moves it from the source, DSA?

General RIEDMONDY. MSTS, through the single agency, DFSC, called the Defense Fuel Supply Center.

Mr. LUMAN. If you exclude big bulk things like munitions, and you look at items like repair parts, isn't it true to say that because you have aircraft, more of your repair parts are deemed airworthy than the Army's? You can fly more parts for an airplane than you can for a jeep under present justification, can't you?

General RIEMONDY. But then by the same token we don't have as much of a requirement for total spares as the Army does. For example, I have some figures here that might give you a feel for the amount of material that is moved by Military Sea Transport Service and these are projections.

The total Department of Defense, and this is a projection for the month of July, there is a requirement for 1,235,000 measurement tons.

Of that, 753,000 is Army, 207,000 is Air Force. So you see, there is a requirement there for the Army of a little better than three times that of the Air Force.

Now if we go then to air cargo movements, as I indicated earlier, and if we just talk about the outbound shipments, and not the retrograde coming back, the Military Airlift Command moved 16,750 tons by air for the Army, 9,500 tons for the Air Force, 5,600 tons for the Navy.

Mr. ROBACK. These timespans are too short, because we don't know what the special situations are. Maybe the Tet offensive generated all kinds of demands.

General RIEMONDY. Let me give you a for instance.

Mr. ROBACK. Give me a year.

General RIEMONDY. Here is what it equates to in percentages. Forty-five percent of the material moved by the Military Airlift Command outbound is in support of the Army. Twenty-two percent is in support of Navy and 33 percent in support of Air Force.

Mr. ROBACK. For a year?

Mr. HOLIFIELD. Is that freight or does that include passengers?

General RIEMONDY. No, this is just cargo.

Mr. HOLIFIELD. Just cargo?

General RIEMONDY. This is just cargo.

Mr. ROBACK. That is for when?

General RIEMONDY. Pardon?

Mr. ROBACK. That is an estimate for the past fiscal year or calendar year?

General RIEMONDY. It is for the first three quarters of fiscal year 1968.

Mr. ROBACK. This fiscal year?

General RIEMONDY. This fiscal year.

Mr. ROBACK. We will ask you to submit or obtain for us an analysis over a period of the last 5 years of the material data available comparing the services in airlift overseas. We are not going to ask you to give us any data that is not reasonably available.

General RIEMONDY. We will see what we can do.

Mr. ROBACK. If you can't do it, you don't have to.

General RIEMONDY. We will be glad to do it.

Mr. ROBACK. It would be surprising if you don't have it.

General RIEMONDY. I think you will find that the trend in recent years has been for the Army to make greater use of the single manager airlift system.

Mr. ROBACK. Maybe since we last examined this problem, there has been a change.

General RIEMONDY. Yes.

Mr. ROBACK. The figures I used refer to some years back.

General RIEMONDY. They probably do.

Mr. ROBACK. But my recollection is that there is quite a disparity between the Air Force and the Army.

(The information referred to follows:)

The following chart outlines by service, the Military Airlift Command air cargo movements from the CONUS outbound to overseas areas. The period shown is for fiscal year 1964 through the third quarter of fiscal year 1968. It is interesting to note that the Air Force initially was the greatest user of our cargo

airlift capacity; however, the trend over the past 2 years indicates that the Army is now the heaviest user.

The U.S. Air Force was designated to operate the Department of Defense Single Manager Airlift Agency. The operational control of this Agency was further vested in our Military Airlift Command. The objectives for the establishment of a single manager for airlift was to integrate, within a single agency all transport aircraft engaged in scheduled service or aircraft whose operations were susceptible to such scheduling. This Agency operates under the principles, policy and guidelines outlined in Department of Defense (DOD) directives and provides common user airlift service for all of the DOD.

All allocations of cargo airlift requirements are forecasted and submitted by each military department to the Single Manager Agency. These forecasts are used by the Agency for planning fiscal year operations in determining the airlift capability that can be applied to satisfy the requirements of each service. When a shortage of airlift exists, after allocations have been assigned, the Agency reduces each service's allocation on a pro rata basis, with each bearing a proportionate share of the shortage. All service disagreements, if any, are resolved by the Joint Chiefs of Staff.

The Military Traffic Management and Terminal Service (MTMTS) in coordination with the Agency, regulates the volume and rate of flow of traffic into the airlift system to assure efficient utilization of the airlift schedules. This joint organization is administered by the Department of the Army.

CARGO TONS MOVED CONUS OUTBOUND MAC CHANNEL AIRLIFT[1] (SOURCE DOCUMENT—RCS: MTC-J1 "INDUSTRIAL FUND STATISTICS REPORT")

Fiscal year	Army	Navy	Air Force	Total
1964	30,090	17,109	82,217	129,416
1965	37,697	24,373	109,172	171,242
1966	68,567	42,968	119,545	231,080
1967	174,314	92,915	145,034	412,263
1968[2]	151,978	75,741	109,936	337,655

[1] Excludes special assignment airlift.
[2] July 1967–April 1968.

Mr. HOLIFIELD. As I understand it, all of those items were given priority that you listed.

General RIEMONDY. Yes. It is all air-eligible cargo.

Mr. HOLIFIELD. By the using agency.

General RIEMONDY. Yes, sir.

Mr. HOLIFIELD. Now to what extent is your increased load occurring as a result of getting in newer and bigger and better planes? Is that generating a lot of material into a high priority class that ordinarily would have been consigned to ship movement?

General RIEMONDY. Needless to say, as the airlift capability increases, we are able to move more high priority cargo by air than we were able to move before.

I think the requirement for more and more high priority movement, of course, is generated by the situation that we find ourselves in today, and as far as the Air Force is concerned, the increase in high priority requisitions or requirements for material is pretty much a result of our basic supply concept of closing out our overseas depots. There is a price to be paid for eliminating all these intermediary stockpiles. There is no doubt about it.

Mr. ROBACK. The chairman was asking whether the increasing capacity, airlift capacity, was degrading the priority designation, so to speak?

General RIEMONDY. I don't think so.

Mr. ROBACK. Moving lower priority?

General RIEMONDY. I don't think so.

Mr. ROBACK. Just moving more of high priority?

General RIEMONDY. Yes.

Mr. HOLIFIELD. And I was also wondering if the percentage that is being shipped by air is predicated upon your capability of lift just because you have that lift, rather than being sent by ship, which would be much cheaper, of course, to transport in terms of tons, but might get to the user in time and not require the rush of an air trip.

General RIEMONDY. I don't feel that the fact that we have military airlift available is causing, or creating additional high priorities, and I think it is important to understand the priority system, which is pretty well spelled out at Department of Defense level.

We talked about MILSTRIP awhile ago, which is the standard requisitioning procedure, but included in MILSTRIP are priority designations.

For example, the priorities go from 1 through 20, and this priority is pretty much determined by need, need dates.

Then there is also a Department of Defense priority system for the movement of material. These are transportation priorities. This is a combination of the MILSTRIP priority and the importance of the mission to be supported, commonly referred to as a force designator or a mission precedence.

The movement is either by surface or by air, depending upon the final priority that is assigned.

Mr. HOLIFIELD. These big new cargo planes, what is it, the C–5?

General RIEMONDY. The C–5.

Mr. HOLIFIELD. As they come into being, and as I understand it they are now coming into being, you are going to have tremendous capacity.

General RIEMONDY. Tremendous capability, yes, sir.

Mr. HOLIFIELD. I am just wondering if that capability is going to be used without regard to urgency, just because you have it, or whether you are going to still utilize ship movement, from the standpoint of economy.

General RIEMONDY. I think we will always use both, Mr. Chairman. I don't think we will ever be in a position that we can move everything by air.

Certainly there will be more material moved by air because the capability will be there, and of course when we talk about whether or not it is cheaper, whether or not it is cost effective, I think with the introduction of the C–5, you will find this to be most cost effective.

Of course, by the same token, a very important segment of determining the amount of material that is stored at any particular base is how long does it take you to resupply. As you can cut down the order and shipping time, you reduce the amount of supplies that are stored at any particular location. As I stated previously this is principally one of the reasons we eliminated our overseas depots.

We found that our logistics system could in fact be responsive to the operational commander's need, and when we created confidence in his mind that the logistic system could in fact be responsive, then we did two things. We removed the depots from his control, the operational commander's control, and then we eliminated the depot completely.

Mr. HORTON. Which also cuts down on your losses overseas, the other problems of guarding it and all the other things that go with it.

General RIEMONDY. Yes.

Mr. HORTON. So there must be a cost factor.

General RIEMONDY. There is.

Mr. HORTON. A plus there.

General RIEMONDY. Yes, sir.

Mr. DAHLIN. Some of your depots were eliminated for you, General. It was not so much a choice, because the territory, the base agreements and this sort of thing ran out.

General RIEMONDY. No. The overseas depots were not eliminated because of that. While it had an impact, needless to say, the decision was made to eliminate all our overseas depots, because of what I said previously.

Mr. HORTON. General, what you are saying, too, coming back to the earlier question about the use or the choice of the use of air over Navy ships, is that you don't have complete control of designation of the means of transportation. This is controlled at the Department of Defense level.

General RIEMONDY. Yes, sir.

Mr. HORTON. So that you are not the one who makes the final judgment.

General RIEMONDY. That is correct.

Mr. HORTON. And even if you were tempted, you would have somebody looking over your shoulder.

General RIEMONDY. Yes, sir.

Mr. HORTON. Is that what you are saying?

General RIEMONDY. That is exactly right. While the Air Force flys the airplanes, while the Air Force is the single manager of the military airlift, it discharges these responsibilities in accordance with the specified charter which says you will move property in accordance with the priority system. Even if the Air Force wanted to use all of this airlift for itself, it could not do it. It doesn't do it.

COMMUNICATIONS FOR SUPPLY

Mr. LUMAN. You mentioned three things that allowed you to have centralized control, the computers, the communications, and the air transportation. You have got the air transportation, you use it, and you have apparently been out in front in computers.

Can we also assume here that the Air Force logistics people may have been able to get dedicated communications in greater degree than the logistics people in the other services have?

General RIEMONDY. We had what was known as the LOG Command Logistics Transceiver Network (LOGCOM), which has now evolved into AUTODIN. Our LOGCOM system, it was a dedicated Air Force system. Most of what LOGCOM did is now wrapped up in the AUTODIN system which is now a Department of Defense system.

Mr. LUMAN. Can the Air Force logistics people as part of the Air Force requirement make their views known and get a sufficient amount of overseas dedicated logistics circuits to enable you to——

General RIEMONDY. We don't have a dedicated Air Force system. We now have a Department of Defense system dedicated almost entirely to logistics.

At one time LOGCOM was Air Force. LOGCOM has now become known as AUTODIN, by adding additional switching stations and so forth, and AUTODIN is available to all the services within the Department of Defense.

Mr. ROBACK. That is not limited to logistics.

General RIEMONDY. No.

Mr. ROBACK. So it is not dedicated for logistics.

General RIEMONDY. It is not dedicated for logistics, but the great majority of the traffic over AUTODIN is in support of the logistics system.

Mr. LUMAN. Do you have computers abroad with a steady line back to one of your materiel commands in the States?

General RIEMONDY. No.

Mr. LUMAN. You do it in spurts?

General RIEMONDY. Do it through AUTODIN.

Mr. LUMAN. Do you have one line 24 hours a day?

General RIEMONDY. Yes.

Mr. ROBACK. The question is, do you have any communications restraints on your worldwide logistics system? Have you got any limitations due to communications?

General RIEMONDY. There are times, there are limitations, depending upon the emergency situation, wherein the traffic is limited. There are times. But this then applies equally across the services.

Mr. LUMAN. But if you have a computer on line 24 hours a day, then that particular circuit is in effect dedicated to that supply computer, isn't it?

General RIEMONDY. That communication line?

Mr. LUMAN. That particular voice circuit.

General RIEMONDY. No. We transmit our requisitions over AUTODIN.

Now the computer doesn't tie in directly to the AUTODIN service. AUTODIN is the means that we use to transmit what the computer spits out in the form of a requisition, back to the ICP in the States, AUTODIN is the means of communicating that information back to our ICP in the States.

The computer over there doesn't have a hot line. For example, our base computer at Danang doesn't have a hot line directly to our depot at Sacramento. The means of transmitting the requisition, which is usually the document that has to flow, is done by way of AUTODIN.

Mr. ROBACK. In Admiral Cosgrove's testimony, there was some reference to computer communications ultimately.

I don't know the time length that may be involved, but how far down the road are you going to have these computer link-ups? After all you are putting satellite communications up and otherwise increasing your capabilities. Maybe you can have some link up here in short order, rather than in the 1980 time frame, like the Army may be talking about.

General RIEMONDY. Now you are getting a little bit out of my field.

Admiral COSGROVE. My people say 5 years, maybe.

Mr. ROBACK. Five years, maybe.

General RIEMONDY. Really as long as you have in being a rapid means of communication like the AUTODIN, this is effective in getting the word back to somebody that has to take action, to supply what is needed. The AUTODIN system is rather responsive. There is no doubt about it.

Mr. HOLIFIELD. How does AUTODIN work? Tell me how do you use that. Is that a satellite communication?

General RIEMONDY. No, we are not using satellite.

Mr. HOLIFIELD. It is processing.

General RIEMONDY. It is an acronym which means automatic digital network. Actually there are various circuits. There are electrical circuits or radio circuits or cable circuits which transmit data.

Mr. HOLIFIELD. I see.

General RIEMONDY. It transmits data in written form, or it actually does it in tape form or card form, and it is just a rapid electrical means of transmitting data from point to point.

The format that is used that makes it compatible with our computers, with the standard MILSTRIP requisitioning system and the data feeds directly into our computers back at our inventory control points. They do this through various switching stations, relays and so forth, but it is an electrical transmission device.

Mr. HOLIFIELD. I understand.

Mr. HORTON. I was going to ask whether you are utilizing the communications satellite to any extent with regard to your supply problem?

General RIEMONDY. Not in the supply business as yet.

Mr. HORTON. Do you anticipate any such use? Have you made any request?

General RIEMONDY. Not to my knowledge.

Mr. HORTON. For utilization?

General RIEMONDY. Not to my knowledge. I don't think it is beyond the realm of possibility that we will use it.

We are always striving for a means of being more and more responsive. As you can improve on your communications from point to point, you cut down the time. Anything that you can do to cut down the time, that is part of this order and shipping time, you can be more and more responsive and continue to cut down on levels.

AIR FORCE QUICK REACTION PLANS

Mr. HOLIFIELD. Mr. Dahlin?

Mr. DAHLIN. General Riemondy, you emphasized some of the common service problems in supply. In this connection, the Army in its testimony talked about creating a quick reaction inventory control center for any future crises overseas.

We asked the Army why shouldn't the needs of all the services be considered? If you are going to actually create this sort of capability, common supply problems seem to lie in this area. What is the Air Force planning in arrangement for responding quickly to a need of this kind?

General RIEMONDY. I think within the last few years we have gone to various systems which get the job done, and get the job done real

quick. Do you have reference to RASS teams? Is this what you are talking about?

Mr. DAHLIN. I was asking what is your planning for responding to crises, in the same way the Army is trying to respond in the form of its QRICC.

General RIEMONDY. Based upon rapid communications again, and visibility that we talk about, we are always alert to trying to spot a problem that may come up. For example, we recognized that during the buildup in Southeast Asia that the capability of our organic forces would be severely overtaxed. As we expanded and constructed new bases, we moved in literally mountains of supplies, the job got to be a little too much for the base-assigned people.

Within our depot system, the five air materiel areas, there is a responsibility to be responsive to the field commander's needs. This doesn't only mean to provide materiel. It means also to provide technical assistance, in the way of higher skilled personnel. If he runs into trouble he is free to call upon our air materiel areas to give him assistance.

The way we have been handling this for many, many, many years is that we have had area support teams comprised of the existing work force at the depot. In the case of Southeast Asia, we chose to call them RASS teams—rapid area supply support teams—and when the workload got to be too great for our field commanders, we dispatched these teams from our depots to go over there and assist them.

These teams varied from a few people up to 50, 60, or 70. We sent them over there to clean up a specific job. These were principally civil service employees with a smattering of airmen.

Mr. DAHLIN. That is really an emergency cleanup kind of measure, isn't it? What the Army is talking about is not getting into that sort of a crisis in supply, by providing preplanning of what procedures and means will be used.

If the Army goes ahead with its plan, is there any use the Air Force could make of it, or are the systems so incompatible they couldn't mesh at all?

General REIMONDY. I am afraid I don't know exactly what you are talking about.

Mr. DAHLIN. The Army testified that they want to produce, and they are going to produce by January 1, 1969, a quick reaction inventory control center located on the west coast, so that it will be available, so that they won't have the problem in the future of starting from nothing and ending up with a problem that in your case a RASS team would have to go in and help clean up.

General RIEMONDY. I don't think they will ever get that good. Depending upon the emergency of the situation, there will always be a requirement to have a higher echelon of people, skills or what have you, to augment the forces in the field. There will always be logistic problems that are going to arise that will need additional top-level attention. I don't think we will ever be that good.

Mr. DAHLIN. In this case the Navy has just testified and the Army testified that they have had to change computer systems in midcourse in the middle of a war.

General RIEMONDY. OK, I am with you.

Mr. DAHLIN. The whole system had to be converted over while they are working with it. Certainly that isn't desirable.

General REIMONDY. No. I agree with you. Let me say this: We didn't really have to change any of our system significantly to cope with the emergency that arose in Vietnam. The logistics systems which we have had in being, which we have evolved to, are in fact responsive both in peacetime and in war.

Mr. ROBACK. Of course, you had your Red Ball like the rest of them.

General REIMONDY. Pardon?

Mr. ROBACK. You have had your Red Ball, like the rest of them.

General RIEMONDY. Yes, there are systems in being which deal with taking care of the exceptionals. For example, priority systems, every priority system we have is designed to discriminate against some part of the forces which we have in being.

Not every activity has the same mission importance. Therefore you create a priority system to distribute the shortages, when shortages arise, and shortages will inevitably arise when you are doing business with 4 million different kinds of items with varying demand patterns.

So our system is responsive to these varying needs, and we try to create in peacetime a system which we can use to successfully pursue a war, or an emergency, as it may arise.

For example, we started to computerize our bases and adopted a standard supply system worldwide. We moved into Vietnam and implemented our system just like we moved into England and implemented it there, in Europe, in the Z.I., without any hesitation, because we felt the system was sound, and it works; 145 bases now are on this standard supply system.

STANDARD AIR FORCE SYSTEM

Mr. ROBACK. The discussion involving the services proceeds from two different directions. Looking at it in one way, if you have so many exceptions that you have to generate to respond to crisis, the system is no good, because all the exceptions in a sense mean that there isn't any system; or on the other hand, if the system is good and efficient and flexible, variations can be easily permitted and accommodated, so you have a good system.

Mr. HOLIFIELD. That is what you claim, the latter.

General RIEMONDY. Yes.

Mr. ROBACK. You are on that side.

General RIEMONDY. In the adoption of the standard supply system, which we have within the Air Force worldwide, we have eliminated a lot of problems which would otherwise have developed. For example, the training aspect.

We can move an individual from Andrews Air Force Base, who is in the supply system, to Danang and he is right at home, because the system is the same. It is a standard system, controlled right within my directorate.

These procedures are standard throughout. The equipment we use is standard. The methods of inventorying are standard, methods of issuing, redistributing, getting rid of excesses, all these are standard.

Mr. DAHLIN. You are still having some problems of getting standard equipment, as we have noticed in the procurement of ADP equipment in the recent past.

General RIEMONDY. Not supply.

Mr. DAHLIN. Not supply?

General RIEMONDY. We have the standard Univac 1050 computer.

Mr. DAHLIN. And what about when that comes to the next generation? You will have somewhat similar problems?

General RIEMONDY. Again we will try to come up with standard programs. In this particular regard, all the programs which go on this computer are controlled through my office. As a consequence, then, when we do implement a new program on the computer, every computer will take it. This program will take on every computer, because all the programs in that computer are in fact controlled.

BACKORDER RECONCILIATION

Mr. DAHLIN. You mentioned a couple of problems in your statement that may in fact be a little larger than you indicate.

On page 11 you talk about the problem of reconciliation of orders between the bases and the AMA's. The GAO issued a report in October 1967, in which they talked about some 22 percent of the back orders being in error, and not required and the procedures were not effective, in fact, to do what they are supposed to do. What is the nature of that problem?

General RIEMONDY. This is back-order reconciliation. This is the business of a base saying, "The depot at Sacramento owes me some supplies," and the depot says, "I don't have any record of it." Or the depot records will show a due-out to a particular base, and the base says, "I don't have a due-in. I don't have a requirement for this item."

Mr. DAHLIN. If the machines are all common and keep checking each other out, does this lack of reconciliation happen?

General RIEMONDY. It stems from the fact that this is a very dynamic business, and from a real time standpoint, things are moving both ways at all times, and the machines aren't perfect. The people who feed the machines, punch the cards, these people make mistakes. They are humans. These kinds of things cause a certain amount of due-ins and due-outs to be unreconcilable. There is no doubt about it.

Mr. ROBACK. That is because you have a punchcard system. It is outmoded.

General RIEMONDY. No. Even punching a tape, somebody has to feed the machine.

Mr. HOLIFIELD. If we can just figure out how to do without human beings, we will be all right, won't we?

General RIEMONDY. And then if we can get all the gremlins out of the machines, then we will be all right. So the Air Force recognized this was a problem, and our system of back-order validation is aimed at trying to cut down the amount of variance that exists between the base records and the depot records.

Mr. DAHLIN. Have you rechecked to find out whether it is working any better now?

General RIEMONDY. Yes.

Mr. DAHLIN. Who does your rechecks of this kind, when you are following up on this sort of a matter? Is that your office's responsibility or is that the IG? Who does that?

General RIEMONDY. It is a combination of my office, the Inspector General, and the Auditor General. We all work hand in glove getting management products to be reviewed at my level and at the AMA level and the Air Force Logistics Command level, to see whether or not this program is improving.

My shop gathers all kinds of data from, for example, 21 bases wherein we are constantly checking to see how well, how is the standard base supply system working.

Mr. DAHLIN. But you don't necessarily check this back-order problem at all these bases all the time. Have you run a recent test of the back-ordering problem to make sure it is working out?

General RIEMONDY. During the month of July we will have a complete revalidation again from depot to base, to just see how close these records match.

Mr. DAHLIN. At all bases, you mean?

General RIEMONDY. At all bases, worldwide, to see where we stand. This is a requirement of the Department of Defense incidentally.

Mr. DAHLIN. If it was a requirement, how did it get 22 percent out of phase?

General RIEMONDY. That just happens to be the statistic that fell out as a result of that reconciliation. We found that 22 percent could not be reconciled.

Mr. LUMAN. You had one issue here, though. The General Accounting Office thought your customer ought to maintain records on his requisitions to a greater degree than he had, and you disagreed.

Is that disagreement still in effect? The GAO said that there was a lack of adequate records at the customer level to permit identifying these invalid requests. That was the one recommendation the General Accounting Office made here, that the Air Force didn't adopt. I think that they concurred in the remainder of them.

General RIEMONDY. Well, if we treat with the computer as being the customer, the records are in the computer. This is one of the elements of data within the computer as to what are the outstanding requisitions for that particular base.

So the records are automatically in the computer, in the memory devices of the computer, and periodically then we review and try to reconcile what that computer says is due at this particular base, to what the AMA's say is due-out to that particular base.

If we devise computers to do our manual work, and then reduce our manpower accordingly, then we must rely on the computer to do our work. We can't have both a manual system and a mechanized system at the same time.

Now this is not to say that we shouldn't periodically review just how good the computer is.

Mr. ROBACK. You are not laying this on the computer.

General RIEMONDY. Within the memory devices there is all kinds of data.

Mr. HOLIFIELD. You are laying it on the feed-in.

General RIEMONDY. Yes.

Mr. HOLIFIELD. To the computer.

General RIEMONDY. Yes.

Mr. HOLIFIELD. The computer itself is subject to the errors of the program manager.

General RIEMONDY. This is correct, yes, sir. As we feed the computers there is no doubt about it, there are errors made from time to time, and I don't really know what par for the course is, very frankly.

Mr. DAHLIN. Does 22 percent indicate what par for the course is? Does that show that the computers are that defective or the systems, the procedures you are talking about, need to be refined?

General RIEMONDY. A question of both, procedures, discipline, and trying to reconcile how much of this is really in transit.

Mr. ROBACK. If your computer system is sufficiently sophisticated——

General RIEMONDY. It is.

Mr. ROBACK. There is no reason why the computer shouldn't check this all the time.

General RIEMONDY. It becomes a question, Mr. Roback, of checking what is in the base computer.

Mr. ROBACK. There is a breakdown in communications between the receiver and the sender somewhere.

General RIEMONDY. Sometimes, yes.

Mr. ROBACK. And the computer can be programed to check this kind of thing, and the sophisticated computer in your third generation ought to be able to do that. Maybe it will be the fourth generation, I don't know.

Mr. HOLIFIELD. You said something about the disparity being in goods in transit.

General RIEMONDY. Some of it could be in transit, yes.

Mr. HOLIFIELD. But still your requisition order would still be in the user's hands, wouldn't it?

General RIEMONDY. Yes.

Mr. HOLIFIELD. As I understood it, this was a reconciliation of records in the due bills as to out bills or bills in process from the base supplier.

General RIEMONDY. What we attempt to do, Mr. Chairman, at a point in time, we attempt to reconcile what the base says the depot owes me, to what the depot says I owe the base.

Mr. HOLIFIELD. And that has to incorporate, I would suppose, an estimate of the goods in transit.

General RIEMONDY. Yes, sir; and that which is in transit—the depot says, "I have already shipped it" and the base says, "I haven't received it."

Mr. HOLIFIELD. This is what I am wondering, if part of that 22 percent was called in error, to what extent does that factor enter into it, or does it enter into it?

General RIEMONDY. It enters into it; yes.

Mr. HOLIFIELD. But you don't know what percent.

General RIEMONDY. I don't know what percent. Then an attempt must be made to reconcile each individual requisition. What I am saying is the volume of the business is so great that this gets to be a monumental task.

For example, last year, fiscal year 1967, we processed over 17 million requisitions. This gets to be a pretty big task, trying to reconcile each individual requisition.

Now this is not to say it should not be done. But then I say I don't really know what par for the course is, as to what percentage of the

outstanding requisitions that a base has should in fact have to be reconciled.

Now there are programs in being that cause a reconciliation to take place every 90 days and I suppose if one would attempt to establish an audit trail behind every one of those requisitions, this would get to be a rather expensive proposition. I am not disagreeing with the fact that in this particular run 22 percent of all outstanding requisitions from these bases were not reconcilable.

Mr. DAHLIN. We don't have to fight that percentage, General; but I suppose that it is one of the things you need to know, in order to get your next package of either programs——

General RIEMONDY. Yes.

Mr. DAHLIN. Or computers, to find out just what that percentage ought to be.

General RIEMONDY. Yes; agreed.

Mr. DAHLIN. We are not talking about the question of following up every individual item. It is a question of just what the capability of the equipment should be, and in making errors. Because if you can't determine that, then you can't buy any more equipment very sensibly, can you?

General RIEMONDY. No.

Mr. ROBACK. I may add it also indicates that no matter how much visibility and how much control you have at the wholesale level, when you get down to the base level you have a lot of problems on that side. The General Accounting Office recommended, which the Air Force apparently has not accepted, that base using activities develop a uniform system of records, so that they won't be putting a requisition on you when they have the item in the base supplies, for example.

General RIEMONDY. Granted, agreed.

Mr. ROBACK. You don't agree with the recommendation though.

General RIEMONDY. But the recommendation wasn't just that.

Mr. ROBACK. Let me read the recommendation.

General RIEMONDY. All right.

Mr. ROBACK. This is in the report to the Congress, B–162152, dated October 31, 1967:

> We therefore recommend that the Secretary of the Air Force take action to establish at the base using activity level a uniform system of records to adequately control outstanding requests.
>
> Such a system would enhance the effectiveness of the action taken by the Air Force, to shorten the interval for validating back orders and would provide continuity of recordkeeping when personnel are rotated at the user level.
>
> Furthermore, the establishment of a uniform system at the user level would be consistent with the already established uniform systems at the base supply and depot level for controlling and reporting supply transactions.

So you think there is too much work involved in that?

General RIEMONDY. Well, let me cite, then, for the record our answer.

Mr. HOLIFIELD. Go ahead.

General RIEMONDY (reading):

> In regard to the recommendations we are convinced that the supply system presently in existence can and does provide the information necessary for effective management of supply requirements at user level.

Mr. ROBACK. All you are saying there is, "We think it is OK the way it is."

General RIEMONDY (reading):

We also believe that our system of maintaining the necessary records on a computer at one central location and furnishing the necessary management products from this location to the using activity level is the most cost effective method. Among other advantages this centralized operation prevents the duplication of effort in the recordkeeping function, which would be required by manual operations at the using activity level.

So, you see, all we are really saying is we set up another set of records some place else, and then you are going to have to have another validation project going on between that manual set of records and the computer.

Mr. ROBACK. I think what the Comptroller General's recommendation added up to was that the base supply requisitioning process had to be improved, and if you don't improve that, no matter what kind of computer system you have, you still have trouble. So it looks to me like you are saying in effect in your answer that: "We don't want to get down to that level of regularizing the requisitioning process. We are willing to live with that. That is a trade-off. We would rather not have a duplicate system of recordkeeping."

So in effect you are willing to pay the cost. What the cost is is not too clear, although it indicates, from this sample that the GAO report is concerned with, that it would be considerable. The more back orders you have, unfilled orders, the more unnecessary procurement, stockage, and all the rest of it.

Mr. DAHLIN. You used the phrase "uniform system" which implies that now at the base level—I assume you had some sort of system for keeping track of these things manually, anyway, to a certain degree.

General RIEMONDY. It is in the computer.

Mr. ROBACK. You construe this to mean he was going to have a counterpart computer.

General RIEMONDY. No. I construe this to mean that the GAO indicates that in addition to having all the records in the computer, they want us to maintain a manual set of records. This is the very thing we got away from.

Mr. HOLIFIELD. In other words, at your bases you do not have computers. You have manual.

General RIEMONDY. No, we have computers. We have computers at our bases. We have a standard computer system at 145 of them.

Mr. HOLIFIELD. Where do you get the manual in then?

General RIEMONDY. This is a recommendation made by the GAO, that in addition to the records which are maintained in the computer, they want us to maintain a manual set of records.

Mr. HOLIFIELD. Is that right?

Mr. ROBACK. I don't know what it means offhand.

General RIEMONDY. That was our interpretation.

Mr. ROBACK. That was a misunderstanding?

General RIEMONDY. It could be.

Mr. ROBACK. Maybe there ought to be one more attempt to see if there is a little give on this thing.

Mr. HOLIFIELD. The word "common" system.

Mr. LUMAN. Uniform.

Mr. HOLIFIELD. Uniform, indicates there were different systems at different bases. Whether that would be true or not I do not know.

General RIEMONDY. No.

Mr. HOLIFIELD. But they put it on the fact that it wasn't uniform.

Mr. ROBACK. I think we had better reexamine this problem, that is the GAO and the Air Force ought to try to get a clear and mutual understanding of what is involved here and inform us about it.

General RIEMONDY. We will be glad to.

INVENTORY CONTROL AT BASES

Mr. DAHLIN. There is one more GAO report, General, concerning a matter you raised on page 13 of your statement. You talk about centrally controlling and managing equipment items in the Air Force. You say you do not permit any significant stockage of equipment items at base level.

The GAO, in Report B–133361, of December 12, 1967, was following up on a report of 5 years earlier to see what kind of improvements you had made, and it found some improvements, but it said that approximately $44 million out of $281 million worth of equipment were unaccounted for under the system in being. It seems that there is still some problems in that sort of management also.

General RIEMONDY. Yes.

Mr. DAHLIN. At the base level, isn't there?

General RIEMONDY. Yes. You always have the problem of reconciling our assets. There is no doubt about it. However, I think we do have a good equipment management program in being within the Air Force.

There is about, for example, about a half-billion dollars' worth of equipment in Southeast Asia at the present time, the equipment items we are talking about. All of this is on our records, and here again we have got a mechanized program, our Air Force equipment management program.

Notwithstanding the fact that we have all this equipment, and have it on our records, periodically my office through the Air Force Logistics Command visits the bases worldwide and makes on-the-spot checks of the equipment which is authorized a specific activity, and incidentally there are tables of authorization which tell each base, depending upon what its mission is, what kind of equipment it can have.

We can check these tables of authorization against what they say is in use, and what they have and it isn't uncommon to find some equipment which is not accounted for. Again it becomes a question of magnitude.

In this particular area, we are not perfect. Again there are people involved. And regardless of how good the system is, mechanized or otherwise, people must make inputs. People must take care of this equipment. They must store it. They must issue it. They must account for it. And we find differences. There is no doubt about it.

Mr. DAHLIN. You testified that you had to send additional support groups out to Southeast Asia to fortify the effort at base level?

General RIEMONDY. Yes.

Mr. DAHLIN. Have you examined your system? You say generally your system is satisfactory, and that you haven't had to make any

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.

Mr. ROBACK. You anticipate those though. You can count your losses. When you talk about losses, you don't know about, a question is raised about inventory control.

General RIEMONDY. It is not a question of not knowing why. You can get down and reconcile this.

Mr. ROBACK. You don't know whether this is due to theft or due to the fact that somebody is making mistakes.

General RIEMONDY. Some of it is just in the records.

Mr. HOLIFIELD. Both.

General RIEMONDY. The recordkeeping, the posting of the records is not up to date. We went along with the GAO in the equipment area and said there is a lot of room for improvement. But we say we have a procedure in being which has as its objective the control of this inventory.

Mr. ROBACK. Now you sound a little bit like the Army.

General RIEMONDY. No. I think this should be a common objective.

Mr. HOLIFIELD. The GAO didn't condemn the overall system.

General RIEMONDY. I hope not.

Mr. HOLIFIELD. They condemned maybe the functioning of it, and that is their job—to deal in figures—and if they can't reconcile figures, why the world is going to come to an end. That is their job, and I expect them to be that way. But other factors enter into it than those figures.

Mr. ROBACK. We also expect the Air Force to report systematic progress, recognizing that there are human errors. If they are going to be working on them, we expect that they are going to be systematically reduced.

General RIEMONDY. Yes.

Mr. DAHLIN. We also want to make sure, Mr. Chairman, they don't just lose inventory items by computers, too. We have to make sure that the system stays within some kind of bounds.

Mr. ROBACK. It is possible under a computer system the errors can get magnified to an alarming extent.

General RIEMONDY. We know about it a lot sooner, and you know the order of magnitude of it, because it pops out pretty quick.

Mr. ROBACK. We have asked for some information, and it will be supplied promptly, we trust.

Mr. HOLIFIELD. The record will be open for supply of the information requested.

General RIEMONDY. Yes, sir; glad to provide it.

Mr. HOLIFIELD. Or such other written requests as may be made before printing.

Mr. ROBACK. As the chairman said, there will be no hearing tomorrow, but DSA will be on Monday, and I think we will ask the Army to come back. We will have to check on the availability of the room.

Mr. HOLIFIELD. Thank you very much, General.

General RIEMONDY. You are quite welcome, sir.

Mr. HOLIFIELD. The meeting is adjourned.

(Thereupon, at 12:55 p.m., the committee adjourned to reconvene Monday, July 1, 1968, at 10 a.m.)

MILITARY SUPPLY SYSTEMS

MONDAY, JULY 1, 1968

HOUSE OF REPRESENTATIVES,
MILITARY OPERATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 2247, Rayburn Building, Hon. Chet Holifield presiding.

Present: Representatives Holifield and Moorhead.

Also present: Herbert Roback, staff administrator; Douglas Dahlin, counsel, Joseph Luman, defense analyst, and Paul Ridgely, investigator.

Mr. HOLIFIELD. The committee will be in order.

This morning we resume again with hearings on military supply systems with Army witnesses. Following the hearing last Wednesday, we understand that General Heiser and General Jones are detached to proceed to duties in Vietnam. We understand that Brig. Gen. John Klingenhagen, who has succeeded to General Heiser's position as Assistant Deputy Chief of Staff, Logistics Supply and Maintenance, Department of the Army, has returned today.

In addition, Maj. Gen. Frank D. Miller, who is the Assistant Deputy Chief of Staff for Logistics, for doctrines, systems, and readiness, is also present. General Miller has a brief statement.

STATEMENT OF MAJ. GEN. FRANK D. MILLER, ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS (DOCTRINE, SYSTEMS, AND READINESS); ACCOMPANIED BY BRIG. GEN. JOHN KLINGENHAGEN, ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS (SUPPLY AND MAINTENANCE); COL. PERRY S. FINNEY, JR., CHIEF, SUPPLY POLICY AND PROCEDURES DIVISION, DIRECTOR OF SUPPLY, ADCSLOG (S. & M.); COL. ANTHONY DASKEVICH, DEPUTY ADCSLOG (S. & M.) FOR PURM; COL. NOBLE E. TAYLOR, DEPUTY CHIEF, MATERIEL MOVEMENTS DIVISION, DIRECTOR OF ARMY TRANSPORTATION; COL. J. B. HUMPHREY, CHIEF, ADSAF MANAGEMENT OFFICE, OACSFOR; LT. COL. OSCAR J. SANDERS, STAFF OFFICER, SUPPLY POLICY AND PROCEDURES DIVISION, DIRECTOR OF SUPPLY, ADCSLOG (S. & M.); WAYNE SMITH, TECHNICAL ADVISER, ADCSLOG (S. & M.); J. P. CRIBBINS, SPECIAL ASSISTANT FOR LOGISTIC SUPPORT OF ARMY AIRCRAFT, DCSLOG; JOHN TAYLOR, CHIEF, LOGISTICS, DOCTRINE, AND SYSTEMS OFFICE, DCSLOG; W. C. MURPHY, CHIEF, FIELD OPERATING SYSTEMS, LDSO; E. E. SEITZ, CHIEF, NATIONAL OPERATING SYSTEMS, LDSO; JOSEPH C. ZENGERLY, DIRECTOR OF MATERIEL READINESS AND SUPPORT SERVICES, ASSISTANT SECRETARY OF ARMY (INSTALLATIONS AND LOGISTICS); SHERMAN M. MEISELMAN, CHIEF, MAINTENANCE PROGRAMS BRANCH, DIRECTOR OF MAINTENANCE, ADCSLOG (S. & M.)

General MILLER. Mr. Chairman, members of the subcommittee, I am Maj. Gen. Frank D. Miller, Assistant Deputy Chief of Staff for Logistics in the doctrine, systems and readiness areas for the Headquarters, Department of Army.

(Biography of General Miller follows:)

BIOGRAPHY OF MAJ. GEN. FRANK D. MILLER

Frank D. Miller was born in Brush Prairie, Wash., on 27 May 1914. He was graduated from Jefferson High School in Portland, Oreg., in 1931, from the IX Corps Area West Point Preparatory School, Fort Winfield Scott, Calif., in 1934, and from the U.S. Military Academy, West Point, N.Y., in 1938 as a second lieutenant of Infantry.

General Miller's service includes a tour of duty with the 34th Infantry, Fort George G. Meade, Md., the 93d Antitank Battalion at the same station, and the Tank Destroyer Center at Fort Hood, Tex. In August 1943, he joined the 77th Infantry Division at Camp Hyder, Ariz., as an Infantry Battalion Commander. From September to November 1943, he attended the General Staff Course at the Command and General Staff College, Fort Leavenworth, Kans. Upon completion of the course at Fort Leavenworth, he rejoined the 77th Division and his battalion at Camp Pickett. Va.

In March 1944, he accompanied the 77th Division overseas to Hawaii where, in June 1944 he was assigned as Division Assistant Chief of Staff, G–3. From July 1944 to the end of September, he participated with the division in the recapture of the island of Guam in the Marianas Campaign. From November 1944 to March 1945 he participated with the division in fighting on Leyte and Samar in the Philippines. From March to July 1945 he served as Assistant Chief of Staff, G–3, Regimental Executive Officer and Acting Commander of the 307th Infantry Regiment, and Executive Officer of the 305th Infantry Regiment during the capture of the Kerama Retto Islands, the island of Ie Shima and the island of Okinawa.

He returned to the island of Cebu in the Philippines and assisted in mopping-up actions there until the surrender of Japan in August 1945. From 25 September to 12 November 1945 he served as Executive Officer of the 305th Infantry Regimental Combat Team and Deputy Military Governor of Northern Hokkaido in Japan.

Upon his return to the United States, he served in the Plans Division of Army Ground Force Headquarters, Washington, D.C.

He returned to Hawaii in May 1946 and served in the G–3 Section of Headquarters, U.S. Army Pacific until May 1949.

Upon his return to the United States, he was assigned to the Department of Tactics, U.S. Military Academy, West Point, N.Y., where he served as company tactical officer, Brigade Executive and S–1 and Commanding Officer, Second Regiment of Cadets. During this tour of duty he attended and was graduated from the Armed Forces Staff College with the class from January to July 1950. He attended the Army War College, graduating with the class of 1954.

In July 1954, he was assigned to the U.S. Army, Caribbean at Fort Amador, C.Z. He served 2 years as Assistant Chief of Staff, G–4, 14 months as Commanding Officer, 20th Infantry Regiment and 1 year as ACS/J–4, Caribbean Command.

Upon his return to the United States he served for 3 years in the Office of the Assistant Chief of Staff, G–4, Headquarters Continental Army Command, Ft. Monroe, Va. During this period he was principally concerned with activities insuring the logistic readiness for contingency plans of the Strategic Army Command, logistic doctrine for the Army in the Field and CONARC supervision of the Annual Logistic Exercise LOGEX.

In May 1961 he attended the Military Assistance Institute in Arlington, Va. prior to reporting for duty with the Military Assistance Advisory Group in Vietnam in August 1961. He served there as Assistant Chief of Staff, J–4, until 1 March 1962 when he assumed duties as Chief of Staff, MAAG, continuing in that position until August 1963, when he returned to the United States.

From 1 September 1963 until 1 May 1965, he served as Executive Officer, Office of the Deputy Chief of Staff, Logistics, Headquarters, Department of the Army.

From 1 May 1965 to 28 February 1966 he served as Assistant Chief of Staff, G–4, 8th U.S. Army in Korea.

From March 25, 1966, to March 5, 1967 he served as Deputy Chief of Staff, Plans and Operations in Headquarters U.S. Army Vietnam and from March 5, 1967 to July 11, 1967, as Assistant Deputy Commanding General and Chief of Staff, United States Army Vietnam.

He currently is serving as Assistant Deputy Chief of Staff Logistics (Doctrine, Systems and Readiness) in Headquarters, Department of the Army, Washington, D.C.

General Miller has been awarded the Combat Infantryman's Badge, the Distinguished Service Medal, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star with Oak Leaf Cluster, the Air Medal and the Army Commendation Medal. His foreign decorations include the Korean Order of Chung Mu and the Vietnamese National Order.

General MILLER. I am pleased to have this opportunity to present information on the Army program for attaining worldwide integration and standardization of its supply system.

My remarks are intended to supplement the testimony previously furnished this subcommittee by General Heiser with respect to system standardization.

As previously described by General Heiser, the findings of an Army study group in 1966 resulted in the establishment of my present office as a means of improving control and management of the important functions of logistic doctrine and logistic systems development.

Reporting to me is the Logistics Doctrine and Systems Office—LDSO—located in the Pentagon. The LDSO is supported by a field agency—Logistics Doctrine, Systems and Readiness Agency—located at New Cumberland, Pa. The LDSO and its supporting field agency provide for the centralized general staff direction of the Armywide program of logistics system development by developing and promul-

gating design criteria and management techniques to be used in systems design and development.

Gentlemen, you have three charts which I believe have been furnished to you. I will address, if you please, chart No. 1, which is the long chart.

(The chart referred to is on opposite page.)

General MILLER. In discussing the Army's program for supply system standardization, it is necessary to look at the worldwide Army supply support structure, as it is today. Before you is a chart which graphically portrays the doctrinal Army supply system as well as the interfaces with DSA and GSA. You will note that the system has four principal levels of support, if you start from the right of your chart, above the consumer. These are the direct support, general support, theater support, and wholesale support levels. I will briefly review the functions of each level.

The direct support level stocks limited quantities of supplies for issue to consuming units. This level serves as the retail outlet through which consuming units receive all supplies. Direct support units in the field are designed to be as mobile as the units they support.

The general support level maintains inventory for the replenishment of stocks at the direct support level. This level serves as the elastic link in the supply pipeline between the large and relatively fixed logistics base at the theater support level and the mobile direct support elements positioned with the combat forces. This level must also be sufficiently mobile to meet changing deployment patterns of the combat forces in the field.

Mr. ROBACK. General, can you give us a few examples?

General MILLER. Of this elasticity?

Mr. ROBACK. Of this general support level.

For example, in the European theater, what is the general support level?

General MILLER. In the European theater the general support level embraces general support units so-called. These are activities which carry about 15 days of supply normally, are mobile, and are behind the direct support units. We have both supply and maintenance in this general support area. We have recently, because of the reduction of the European LOC, eliminated the general support supply depots in Europe. We do not have any in Vietnam today because of the shortened line of communications.

Mr. ROBACK. A general support depot would be a smaller unit than the theater depot?

General MILLER. Much, much smaller.

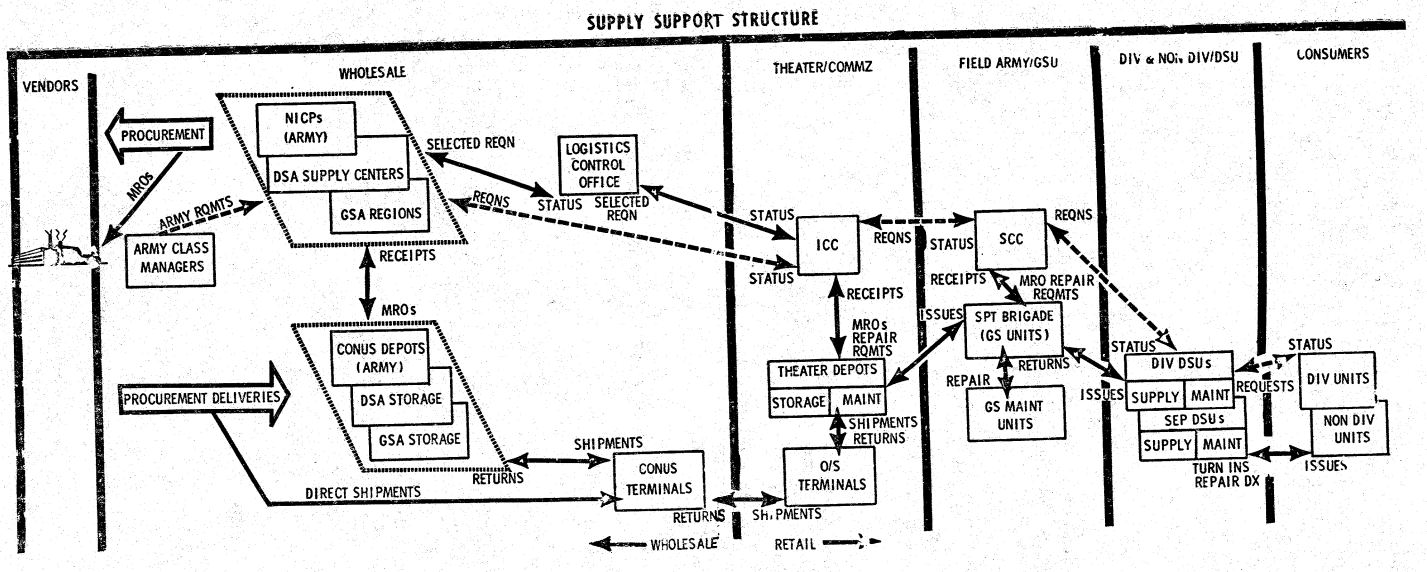
Mr. ROBACK. And there would be more of them?

General MILLER. There would be quite a number more. Generally it depends on the size of the corps, but say for a two-division corps, perhaps we would have two of these, one backing up the direct support units, and one, the corps troops behind the division level.

On the other hand, if we had a four-division corps, we might have as many as three of these.

Mr. ROBACK. You say in your statement there is no general support level, no general support in Vietnam?

General MILLER. That is correct. They go right from the depot to the direct support units.


SUPPLY SUPPORT STRUCTURE
VENDORS
WHOLESALE
THEATER/COMMZ
FIELD ARMY/GSU
DIV & NON DIV/DSU
CONSUMERS
PROCUREMENT
MROs
ARMY RQMTS
ARMY CLASS MANAGERS
NICPs (ARMY)
DSA SUPPLY CENTERS
GSA REGIONS
SELECTED REQN
REQNS
LOGISTICS CONTROL OFFICE
STATUS
SELECTED REQN
RECEIPTS
MROs
CONUS DEPOTS (ARMY)
DSA STORAGE
GSA STORAGE
PROCUREMENT DELIVERIES
DIRECT SHIPMENTS
SHIPMENTS
RETURNS
CONUS TERMINALS
RETURNS
O/S TERMINALS
SHIPMENTS
WHOLESALE
RETAIL
STATUS
ICC
REQNS
STATUS
RECEIPTS
MROs REPAIR RQMTS
THEATER DEPOTS
STORAGE
MAINT
SHIPMENTS RETURNS
STATUS
SCC
REQNS
RECEIPTS
MRO REPAIR REQMTS
ISSUES
SPT BRIGADE (GS UNITS)
RETURNS
REPAIR
GS MAINT UNITS
STATUS
DIV DSUs
SUPPLY
MAINT
SEP DSUs
SUPPLY
MAINT
ISSUES
TURN INS
REPAIR DX
STATUS
DIV UNITS
REQUESTS
NON DIV UNITS
ISSUES

The theater support level provides the overseas logistics base, and stocks offshore inventory in support of theater operations including significant quantities of war reserve materiel. This support may be centralized as in Europe or decentralized as in the Pacific area.

The wholesale support level is the CONUS supply base which consists of the Army, DSA and GSA supply managers and their supporting depots.

The general and theater support levels are intermediate levels which are not always required for the processing of supply transactions and in providing supply support. Various tactical and geographic conditions dictate when one or both of these supply levels may be omitted. For example, in Vietnam there is no general support supply level. The direct support elements in this case, because of the relatively short supply lines, are supported by the Vietnam depots at the theater support level. Another example is in CONUS where the CONARC installations, which provide direct support to consuming units, receive supplies direct from the wholesale support area.

Still another example was the action in the Dominican Republic, where we supported our troops directly from the continental U.S. bases in Florida.

Mr. ROBACK. General, this is the Air Force concept today, is it not, direct support from the United States to the unit, to the base?

General MILLER. Well, there is a difference, if I can point this out, the Air Force normally, in this type of supply, operates from a base or a given AMA area directly to an overseas base. We are talking here of supporting units in the field, which are mobile. An Air Force unit, such as a tactical fighter squadron, would operate from a base and receive its supplies from the base. There is a little difference.

Mr. ROBACK. You have that extra burden of supply?

General MILLER. The Army has to put out its supplies mobile behind the troops which are maneuvering. Where we do not have to maneuver far, we can eliminate some of the intermediate steps. If we are in a large land mass such as Europe, then we have to have the direct support, the general support, depending upon how far forward the troops push. We cannot, for example, in a mobile situation build fixed depots. As you have seen in Vietnam, the time it has taken us to build adequate depots and storage areas is usually too great to permit operation from a fixed base.

So when we initially go into an area, our supplies and equipment that support those troops are mobile and go right behind them.

Mr. ROBACK. I do not want to digress too much, but does NATO have a parallel base support structure to the United States?

General MILLER. The NATO infrastructure, yes, is patterned similarly in that design. I am not an expert on the NATO infrastructure, but it in general provides the same support.

GENERAL SUPPORT SUPPLY ECHELON

Mr. LUMAN. General Miller, do you have these GSU's anywhere but in Korea?

General MILLER. We do not have them in Korea.

Mr. LUMAN. The GSU is listed on your chart as one of the layers, but actually it has been eliminated in most cases, has it not?

General MILLER. Yes, since we eliminated them in Europe. Perhaps I should have explained that the four echelons on the right-hand side of the chart reflect current standard Army doctrine. However, they are not always implemented across the world, but only where they are needed.

Mr. LUMAN. Where do you have a GSU?

General MILLER. I do not believe today that we have any, since we eliminated them in Europe. However, I would like to verify that.

General KLINGENHAGEN. Yes, we have a few.

Mr. LUMAN. Where is that?

General MILLER. We have one general support unit for Hawk for example, in Korea.

Mr. LUMAN. Hawk missile?

General MILLER. Yes.

Mr. LUMAN. That is very specialized?

General MILLER. That is.

Mr. LUMAN. You still retain the concept in your doctrine for future use or future activation of this layer of support; is that right?

General MILLER. As of the present time, yes.

Mr. DAHLIN. Is there a problem in developing a standard ADP package that has to mesh at level after level? Does it provide you any sort of problem in jumping over that level in the concept?

General MILLER. No, because their development there would be on a plug-in, plug-out basis. In other words, the general support unit would be automated with a capability, in terms of ADPE and communications, of plugging into the overall system operating in the area.

I think I will bring this out a little bit later.

Mr. DAHLIN. All right.

General MILLER. In this latter case, both the general and theater support levels are omitted. It is possible that improved transportation capabilities in the future may make it possible to substantially reduce or eliminate the need for the theater support level on a worldwide basis. In this event, supplies would flow directly from the wholesale support level to the general or direct support level in overseas areas.

If you will look at chart 2, I believe you examined in part during the previous testimony, you will see our time phase plan for Army supply system ADP standardization. The Army has been progressing toward standard supply ADP systems for each of the support levels.

The chart before you depicts the time phasing for Army supply ADP system standardization.

(The chart referred to was submitted during previous testimony and appears on p. 89.)

I will discuss the primary programs for each support level and then describe the controls which are maintained to assure a fully integrated system. It is through this integrated total system that the Army expects to achieve more rapid processing of user requirements to the source of supply and more rapid response in issuing required supplies and equipment.

At the direct support level, the Army has several ADP systems under development. These are tailored to the varying requirements

of nondivisional and divisional direct support units and CONUS installation support activities.

In the case of the nondivisional direct support units, which operate separately, a magnetic ledger card system is used to automate supply functions. A total of 58 of these systems have been installed in direct support units, principally in Vietnam. Procurement of an additional 84 sets of equipment is in process. These will be used in nondivisional direct support maintenance units in Europe, Korea, and CONUS. This system was centrally developed and standardization is maintained through centralized control of program changes.

For the divisional direct support level, a test has been conducted in the two armored divisions of the III Armored Corps at Fort Hood, Tex. This test involved many new concepts for improving supply and maintenance support within the combat division. The automation of many functions, heretofore performed manually, were tested, including stock control of all classes of supply, the unit property book, modification work order management, and maintenance management. It is planned that the automated programs resulting from the test will be installed in some divisions as an interim capability pending the availability of the Armywide standardized division logistic ADP system being developed as a part of the CS_3 effort.

CS_3 or the combat service supporting system, will provide transportable, third-generation ADPE for the processing of logistic, personnel and administrative data in the Army in the field.

The CS_3 divisional direct support logistic applications are being centrally developed and will be centrally maintained to assure Armywide standardization and compatibility with other standard logistic systems. A test of CS_3 is scheduled to commence in late 1969. I believe that some of you gentlemen viewed a set of CS_3 equipment on display at the Pentagon on last Thursday.

In addition to the divisional direct support level, the CS_3 program encompasses the general support level at corps and field army, and the theater level CS_3 envisions a standard, centrally maintained system for the Army in the field providing optimum integration, and interface of the support echelons within the theater of operations.

As a part of the CS_3 program the Army has scheduled the activation, this summer, of a quick reaction inventory control center (QRICC) capable of functioning with a separate force up to an independent corps size. The QRICC will utilize the general support programs and third generation hardware developed for CS_3.

The QRICC is intended to provide a much needed inventory control and supply management capability, readily deployable in support of contingency forces. The need for such a unit was apparent in the rapid buildup in support of the war in Vietnam. Undoubtedly, we would be having fewer supply problems there today had we had a deployable inventory control unit, properly trained in standard systems and procedures, at the outset.

At the theater support level, action has been initiated at the Combat Developments Command as part of CS_3 for the design of a standard automated system for USAREUR, USARPAC (including subcommands) and other future theaters. Installation of this standard system is planned to be completed during 1972. A lower developmental priority has been assigned to this effort because of the relatively high

order of data automation now in being at the theater level in Europe and the Pacific, and the more urgent need for standardized systems at the general and direct support levels.

Within the CONUS direct support or retail structure, the Army has underway a project called COSMOS (centralization of supply management operations). The prototype COSMOS at Headquarters 6th Army is being developed as a regional control center for CONUS Army Headquarters to provide centralized stock control and supply management of stocks at installations within the Army area. COSMOS will be a standard system with centralized design, programing and maintenance. The COSMOS prototype commenced requisition processing in September 1967. Common program packages are being used where feasible between COSMOS and CS_3 in order to increase commonality and reduce development costs. In addition, the interfaces between troop units and the direct support supply activities of COSMOS and CS_3 are being standardized so that the units can plug-out in one area and plug-in in another area without the necessity of learning new supply procedures.

VISIBILITY FOR CONTROL

Mr. ROBACK. How deep down do you get visibility then, to use that expression, which means information on the inventories and supplies in place?

General MILLER. The two systems COSMOS and CS_3, will give you complete visibility of the reportable items, recognizing that certain items——

Mr. ROBACK. Even in the hands of troops?

General MILLER. Even in the hands of troops.

Mr. ROBACK. For the reportable items only?

General MILLER. For reportable items only, that is correct. This is one of the things that we were testing in the division logistic system test. The test includes automation of the unit property books, which should give us complete visibility, with the exception of expendable supplies.

Mr. ROBACK. What does the unit property book exclude? Does it exclude consumables?

General MILLER. Yes. The property book picks up those items which are, as we call them, accountable items. In other words, the unit commander must account for these being in his possession, and if they are disposed of, he must go through a disposal proceeding in order to——

Mr. ROBACK. Rifles would not be in the property book?

General MILLER. No, sir, rifles are in the property book.

Mr. ROBACK. They are?

General MILLER. They are not expendable.

Mr. ROBACK. Who maintains the property book?

General MILLER. The supply sergeant and he has the supply——

Mr. ROBACK. At the company level.

General MILLER. Our test is examining where we should maintain it. We think as a result of the test to date, we probably should maintain the automated property book at division level, at least within the divisions, and then by means of printouts give back to the commanders their on-hand balances.

For example, we would give the company commander a listing of the property that he is held accountable for on a printout basis, and the battalion commander would be given a copy of this so that he could exercise command management over the equipment within his battalion.

Mr. ROBACK. What does the supply sergeant then have to do, keep it updated by reporting changes?

General MILLER. Or by his requisitioning actions. Say an item of equipment is damaged and it has to be turned in. The actual transaction of requisition and receipting through the division automated supply procedures would automatically adjust the property book records.

Since the company commander is held responsible for the property, the supply sergeant posts changes on the printouts, until a new printout is received.

Mr. DAHLIN. Mr. Chairman?

Mr. HOLIFIELD. Mr. Dahlin.

ADP PROGRAM PACKAGES

Mr. DAHLIN. General, you say that the common program packages are being used where feasible between COSMOS and CS_3 On a previous page you said that the general support program packages were being used for CS_3. Is that the case?

General MILLER. That is correct.

Mr. DAHLIN. Does that mean that you are trying to use all of these common support packages in COSMOS almost as developed, or is there a considerable rework involved here?

General MILLER. I would like to refer that to the expert in the detail, and perhaps the detail that you are interested in. I would like to ask Mr. Smith, who is present, to answer that as far as COSMOS is concerned.

Mr. SMITH. Let's take some of the specific files.

The demand analysis subsystem is one which we are trying to use common between all of the CS_3 and the COSMOS systems. When we get to a lower level, we have to strip certain elements out, but the same program logic, et cetera, is used in both systems. The same is true of the real time and the inventory subsystems.

We are all trying to use the same program logic, the same code, the same formats, throughout.

There is some redesign, mainly because you have a different number of customers and environment in a general support than you have in a COSMOS, so your parameters for your computation of supply levels might be different. More sophistication is required at the Army headquarters level than we want to be at the GS level in the field.

Mr. DAHLIN. The program packages for the general support level or for the CS_3 were developed by a contractor, as we understand it.

Mr. SMITH. Yes, sir.

Mr. DAHLIN. Is your redesign being done in-house, or is that being done by this same contractor, or a different contractor?

Mr. SMITH. Sir, we have the same contractor for the demand analysis system in both packages. The demand analysis system in the 6th Army was developed by a contractor. The same contractor has restructured this same demand analysis file for use by the Army in the field.

Mr. DAHLIN. If it is the case that you are eliminating almost all the general support units, is it not the case that QRICC will be one of the few general support entities that will exist?

Mr. SMITH. Yes.

Mr. DAHLIN. When you reactivate it to fill that gap. Is that the place where it fits into the doctrine?

Mr. SMITH. That is right.

Mr. DAHLIN. Does that mean that you will have to keep searching for a place to use the QRICC in order to keep the doctrine up? Are you going to have to look this over to see whether QRICC belongs at some other support level than general support?

General MILLER. I do not visualize a great problem here. We are going to face this within the continental United States with all of our systems.

You recognize in the Army system we have a post, camp, and station in the continental United States which has a number of tenant units that live upon it.

Let's take a division-size post or a corps-size post. Certain of our plans might call for those units to be deployed on a very short notice, and, when we automate, these units are automated under our current design plan.

Mr. DAHLIN. Is QRICC going to be a corps-size post or division-size post?

General MILLER. It can be——

Mr. DAHLIN. As the first one will be used and exercised in the United States?

General MILLER. Present plans call for it to be exercised at a division-size post.

Mr. DAHLIN. Is that going to have common programing with the other divisions that are in the continental United States?

Will that be common to those divisions?

General MILLER. It will have a common type of programing; yes, sir.

Mr. DAHLIN. So it will fit at the division level?

General MILLER. We are going to have to accept a certain amount of automation redundancy with respect to units in the continental United States. By that I mean we are going to have a field unit here, either division or corps, that requires an automated capability even though the post, camp, and station has such a capability.

Now, if you have to deploy that unit, and you did not have a post, camp, and station capability, you would immediately pull out all the automation on that post, and disrupt supply support.

Mr. DAHLIN. By capability, in this case you are merely saying you have to have enough machines located at this spot?

General MILLER. And the procedures.

Mr. DAHLIN. In order to pull out the units?

General MILLER. That is right. This is what I mean by a plug-in, plug-out capability. In order to exercise the people who run this system in the continental United States when they are stationed there, we have to have our system so designed that the unit exercises its machines and people at the same time the post, camp, and station

exercises its machines and people, so there is going to be a certain amount of duplication of effort which efficiencywise we might otherwise be able to eliminate, but we cannot do it and still have a combat capability and a deployable capability.

Mr. DAHLIN. You are trying to convey the idea that the Army, when it finally automates is going to need a lot more machines than the Air Force or Navy. Is that the picture?

General MILLER. I would not make that analysis. All I am stating is the Army's requirement is going to be more than peacetime cost-effectiveness considerations might say we can get by with. You have to have this automated capability or we will have the same thing we had in Vietnam when we first got there.

At the CONUS wholesale level, the Army Materiel Command has a major effort underway, the national ADP program for AMC logistics management (NAPALM), which will standardize the materiel management systems of the community commands, national inventory control points, depots, and other elements of AMC. It is planned that the initial hard-core applications will be fully operational at all NICP's during 1970. In addition, the present standard depot system (SPEED) will be upgraded by a program entitled SPEEDEX (SPEED extended), also planned to be fully operational during 1970.

To assure that the various horizontal operating systems under development provide a cohesive and usable vertical logistics management information system, we have underway a contract supported study and design project scheduled for completion this September.

Mr. ROBACK. That is the Stanford Research Institute study?

General MILLER. This is the SRI contract. The objective of this project is the establishment of an integrated supply, maintenance, and materiel readiness reporting system from the unit level up through intervening echelons to Headquarters, Department of the Army.

Phase I of the study identified the essential elements of information required for management and decisionmaking at each echelon of the Army.

Phase II covers system design and will provide the structure, organization, procedures, management indicators, and the data base for management at each echelon.

The system will provide for the collection, processing, and storage of management data and output to management both within the field army elements and at the national level. Data bank output will come from reporting units in a "tap the source once" type of report. The system above the unit level will rely primarily on exception type information and management. The system will complement and refine the output of the horizontal operating systems previously described.

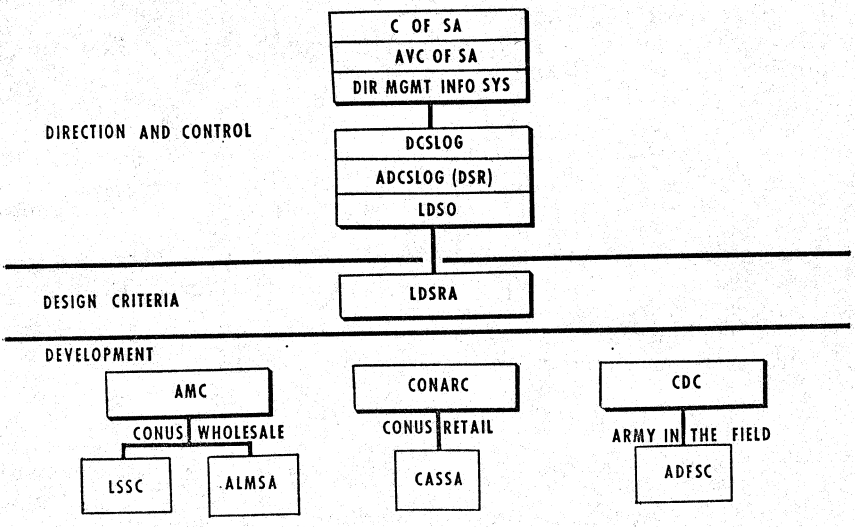
The time phased approach to system development which I have described should assure standardization in each of the support levels. Interface between the supply systems is accomplished by use of the MILSTANDARD procedures and similar requirements promulgated by Army regulations and as a result of DOD directives.

Now, if you would look at the third chart before you. As previously described by General Heiser, the major commands have been required by the Department of the Army to establish central systems

development and programing activities to assure centralized development and maintenance of logistics systems in their respective areas. This chart indicates the assignment of responsibilities.

(The chart referred to follows:)

STRUCTURE FOR LOGISTIC SYSTEM DEVELOPMENT



General MILLER. The Army Materiel Command has established the automated logistics management systems activity (ALMSA) in St. Louis, Mo., for the development, control, and maintenance of NAPALM. The logistic system support center at the Letterkenny Army Depot in Chambersburg, Pa., provides ALMSA the functional systems design and programing support for depot level systems.

The Continental Army Command has established a similar agency at Fort Eustis, Va., to centrally develop, control and maintain COSMOS.

The Combat Developments Command at Fort Belvoir, Va., has a similar agency, the Automatic Data Field Systems Command (ADFSC), responsible for development of the combat service support system (CS_3).

The Deputy Chief of Staff for Logistics, Department of the Army, exercises total responsibility for logistics doctrine policy and systems, including the ADP systems used in the operation of logistic systems. I have the responsibility for formulating principles, concepts, and design criteria for the ultimate integration of these systems into a single uniform integrated logistics system. My logistics doctrine and systems office and its supporting field agency are directly responsible for this type of work. Functional systems and ADP specialists of their staffs work together to develop the regulatory guidance and policy which will insure that the major commands develop and maintain systems in a standard and uniform way.

We are currently staffing an ADP management plan for the Army logistics system. Implementing directives based on this plan are being

developed which will require armywide adoption of the management principles and techniques contained therein. While we recognize that the status of logistic system development, integration and standardization is not as advanced as we would like, we believe that our phased approach is sound and realistic considering our requirement to operate the worldwide logistic system, in existence today, including our commitments in Southeast Asia.

I want to assure you that our ultimate product will be an integrated, uniform logistics system which will provide—

Rapid and effective logistics response to the requirements of Army forces;

Centralization of essential data required for management of material assets and requirements;

Operational capability for peace and war without radical augmentation or alteration;

Uniform and compatible procedures for each support echelon to permit worldwide unit and personnel transfers without need for additional training.

That concludes my statement, sir.

Mr. HOLIFIELD. Thank you, sir.

SUPPLY PROBLEMS IN VIETNAM

Mr. MOORHEAD. General, on page 5 of your testimony, the next to the last line, you say:

"We would be having fewer supply problems there" in Vietnam today. What are the particular supply problems that we have today?

I remember being over there in late 1965, when there was nothing but problems with the rapid buildup. When we were there in the beginning of this year, most of the supply problems seemed to have been licked.

What are the problems?

General MILLER. Yes, sir, if I could explain that a little further. I was assigned there for duty in March of 1966 in the midst of that trouble and served as the Deputy Chief of Staff for Plans and Operations, and then later as Chief of Staff. I can assure you we had many difficulties because we were operating our logistics system manually.

As you know, the decision was made to bring our combat forces into Vietnam ahead of the establishment of an adequate logistics support capability. However, there were very good reasons why this was done.

Those of us who were operating the logistics system had many, many problems that we had to overcome, and it was not until we got the 14th Inventory Control Center, and we got trained people and machinery at the depots at Qui Nhon, at Cam Ranh Bay, at Saigon and more recently at Danang, were we able to begin to sort out and be responsive in all areas of logistics support.

No troops in Vietnam ever suffered from lack of logistics support, but we did it the brute force way.

What we are saying here now is that had we had the Inventory Control Center with trained personnel ready to operate a system at the beginning, and had moved them in there, there would have been a more orderly flow of supplies.

Mr. MOORHEAD. Some of the material that was shipped over in the early times you have had to go out——

General MILLER. It was forced.

Mr. MOORHEAD (continuing). And physically inventory?

General MILLER. Yes, sir.

Mr. MOORHEAD. Maybe all of your records are not complete.

General MILLER. Yes, sir; the Army supply system by and large is based upon what we call a pull system. In other words, the customer asks for what he wants, and so it is pulled out of the CONUS depots. In the early days of the war in Vietnam, many times, to insure that we had adequate support for our troops, we pushed supplies to them. They did not ask for them. We just pushed them because we knew from experience they were going to need them.

We now recognize that we have excesses over there. We are sorting these out and getting them back. But what we are saying here is to prevent this in the future we want to have the capability to deploy an inventory control organization right with the forces when they go.

Mr. ROBACK. Mr. Moorhead, I suppose in comparing those two states, one might say, and I would ask the general to confirm, that the big concern of Members of Congress in the earlier years was whether there were enough supplies, and the big concern a little later on is whether there were too many supplies.

The problems were of a different order a little later on. What they are grappling with now is really not shortages. Shortages is always the problem in the early part of the war. Now the problem is excesses. Is that not so?

General MILLER. That is correct, and this is why we are using our automated system over there today. They have just recently developed the capability to control these things, and in many instances now our problem is identifying the inventories that were brought in there and getting those on the stock records so they can get into the machines and be controlled.

We recognized that in October–November of 1965. You will remember all the ships that were backed up at Vung Tau that could not get unloaded and so on. This is partly because of the way they were loaded, but also because we did not have port facilities to offload them. Then when we did get them offloaded, we did not have our depots and trained people to man these things.

Mr. MOORHEAD. They were warehoused just out in the open?

General MILLER. Yes, sir.

As our commanders now say, they have got the faucet turned on, how do you shut it off? Once you get your supply system in gear, and this is true not only of the Army, it is true of other activities, how do you shut it off?

Mr. ROBACK. In that context, may I ask this question: The policy now appears to be increasing development, increasing attention to the capabilities of the South Vietnamese forces so they can assume an increasing role and responsibility. Now what happens to the supply system?

Do we adjust it to supply the South Vietnamese forces, or is that to be a separate, unrelated issue?

General MILLER. Maybe I had better clarify that a little bit. I notice that today is the 1st of July. We have our new 10 classes of supply in

effect today but I will address the old five class categories, because I am not fully familiar with the new ones.

We have class I, which is food. Generally, this is no problem to us, because this is shipped on a personnel-strength basis. You have so many men and they are going to eat three meals a day, so this is easily predictable.

Then your class III, which is petroleum. This is no great problem, because it is based upon experience of consumption data. You have elasticity there in the number of tankers that you bring in the area and offload, and you can shut some of this off. That POL can always be used.

Then you have class V, ammunition, which is also a fairly predictable requirement.

You also have the major end items in the class II and IV type, what we call class II and IV major end items: combat vehicles, trucks, radios, and such things as that.

What we are really talking about in the way of excesses in Vietnam, overages or shortages, are the repair parts that keep those combat vehicles and those wheeled vehicles and their radios operating. This is the area where we have the major problem within our supply system: control of the repair parts.

When I say this, and when you talk about modernization of the Vietnamese forces, we are not talking there about the area in which we are having problems with respect to overages and shortages. We are talking about repair parts.

The modernization of the Vietnamese forces are end items. I wanted to make that distinction, because it sometimes gets confused.

Mr. ROBACK. But are we——

General MILLER. We are not over or under end items.

Mr. ROBACK. Are we going to support the South Vietnamese through this supply and logistics system or are they going to develop their own, so to speak?

General MILLER. I happen to have had a previous tour in Vietnam when I helped them set up their supply system, and they have their own, and it is a very good one, and our policy has always been over there that we will, while we assist them where they have U.S.-type equipment, their depot system draws from our depot system, and then they run their own, and I think we should foster this.

Mr. ROBACK. So if we draw down our total effort, when and if it is feasible to do so, we will also draw down our own supply. We will not be building it up, so to speak, to support them.

DESIGN OF ADP SYSTEMS

Mr. ROBACK. I would like to ask you this question, General: You have these various automatic data processing equipments and systems. Is the concept running ahead of or behind the machinery; that is to say, are you——

General MILLER. Yes, I recognize what you are asking.

We are developing our supply support concept to which we then adapt the machinery. In other words, we are not taking the machinery and then adapting our system to the machinery capabilities.

As a matter of fact, I have my people working on a list, getting me a list of all manufacturers of all machinery to determine where we can

take the maximum advantage in our system of the current state of the art. This is almost like a moving train, as you know. Each one of the companies is coming up with some new improvement in their product, and we want to see where we can fit that into our system to make our system more efficient.

Mr. ROBACK. When computers became the thing to have, in many places in the military supply system, not necessarily in the Army, there was a rush to put in computers, and then there was a problem of what to do with them and whether they were really useful for a given purpose. In other words, the idea was good, but maybe they had not worked out the procedures for using them.

I am wondering with regard to the computer designs and the actual machinery, are you ready to use them or are they ready to use you?

General MILLER. To answer your question, I think the Army inclined somewhat in that direction, that is requiring machinery because it offered a promising capability in the initial days, and I think that is part of our problem today in developing a standardized program.

Mr. ROBACK. The rush to get systems when there were a lot of different ones?

General MILLER. That is right.

Now, however, we are standardizing our system, as I have pointed out, based on doctrinal study and design carried out in conjunction with an examination of available and potential machinery. In this connection, every day I hear about something new which might be used within our system for reducing processing time and costs.

I will give you a for instance. We were trying to find in the use of third generation equipment, we were trying to find a way to read the output of a machine which operates at eight-tenths of a millisecond and even prints out at 1,100 lines a minute. That is pretty fast. But it can roll up a pile of paper to fill this room in a hurry. No one can read the resulting pile of paper in a current time frame.

As an assist on this problem the Stromberg-Carlson people have come up with a microfilm camera that operates with an open shutter. Just as fast as that computer can put out information onto magnetic tape, this camera can photograph it on microfilm, and right attached to that machine is a microfilm developer. You transfer the film out of the camera right into the developer and it goes into another machine which puts it in a cartridge, and it goes into still another machine which puts it on a reader which has an index and a button, and you can bring up in front of you what you want to read.

So it takes this roomful of paper and puts it in cartridges of shoebox size. This is the kind of thing which was plaguing us, how to convert computer data to a random seek, readily available and readable form.

So, we get all this output. How can we use it? Who can read it? Our Army Materiel Command is going to a micromachine program. We have some of these microfilm readers in use in the field now—I think eventually we can take a shelf full of field manuals or technical manuals and reduce them to microfilm so that the unit in the field can carry them around in maybe not a shoebox but a little bit larger size.

This is an example of the type of thing we are looking for in the state of the art that will help us do our job better.

Mr. ROBACK. It has been said in the Army and outside by some people who purport to be informed, that the Army is slow in this

area, that is, in getting automated and standardized; and there are other people who have to deal with the equipments, and they say well, the Army in this case and in that case is really not prepared for it. They want the machines but they really do not know what to do with them. Those are different observations we have heard.

What is your comment on them?

General MILLER. Well, I would say "Yes," the Army is slow. And for a couple of reasons.

I think General Heiser brought out in his testimony the other day that one of the reasons was what we call Project 80, the reorganization of the Army in 1962.

We had a few things drop through the cracks as far as centralized control is concerned at the Department of Army Headquarters. This was recognized.

The Deputy Chief of Staff for Logistics has now been given back this authority for centralized control over the Army logistics system, and particularly in this area. This was the reason for the establishment of my office.

Mr. ROBACK. You have been fighting the reorganization for 5 years, I mean the problems.

General MILLER. This is correct.

I would say in a $20 to $30 billion annual business spread over all the world, you make haste slowly, and this is what the Army has done.

Now I admit that perhaps in some areas we could have made haste faster, but we have also been fighting a war. We are supporting over 1 million men in Southeast Asia today with our logistics system. All of these things take time to do, but I want to assure you that we are on top of this and we are moving ahead.

Our experience has shown, and I think the same is true of the other services, that no automated system has yet been put into existence and had the bugs worked out of it in less than a year and a half. Everybody looks at this beautiful machinery and says "Look what it will do." But when you come to the programing, the software procedures that have to go with it, and feeding it into your system and getting your current basic system translated into this type of language, and then being sure that those bugs are worked out, because nothing is good, or I should say it is only as good, the product from that computer, as what the individual who is operating it puts into it.

And we have found by experience that it takes at least a year and a half to pull the bugs out of the system. So I think by and large, assessing where we have been and where we are going, the Army is moving ahead pretty rapidly.

Mr. HOLIFIELD. You depend upon civilian technicians to operate these computers; or are they service people?

General MILLER. We have both, sir. We do not have as many military as we would like yet, and I am afraid that this is one of the fears that we have too. About the time we get a military man trained to operate one of these sophisticated machines, civilian industry is after him at about four or five times the salary, and we lose him. So this is going to be one of our continuing problems.

We do not today, in my opinion, have throughout the military service sufficient in-house capability to do all that we want to do during this system's development phase at any rate of the systems. We have to rely in many cases on contract personnel in order to get it done.

Mr. HOLIFIELD. Are the military people that are in the program subject to assignment to different type duties periodically, or are they pretty well kept in that line of work specialization?

General MILLER. They have been subject to other assignment, although we have an agreement with our Deputy Chief of Staff for Personnel that their MOS's be coded to indicate their automatic data capability, and during a shortage of these people, particularly in the critical skills, they are being assigned in the systems area.

Now one of the tasks that my office has in the personnel and training element is to develop a program so that we will have career ladders in these fields in order to keep our military moving progressively along promotionwise, which may help offset this civilian industry appeal. How successful we will be, I do not know.

Mr. ROBACK. Do you consider this management structure too complicated to work effectively?

General MILLER. You mean the division of responsibility here?

Mr. ROBACK. Yes. You have a lot of development. You have three major development entities, and then you have direction and control. Now there is no question but what you have direction. The question is, Do you have control?

General MILLER. Yes, I think we have control. And I think this is a very good system. I will explain why.

Our Combat Developments Command here is charged with the development of organizations and activities for the Army in the field. By that I mean they are charged with the development of how the division is going to look. How the corps is going to look. How the field army is going to look. Not only the logistical portion of this, but the combat portion of these activities; and so, therefore, it is perfectly natural that the logistics portion of this should be vested in the same agency.

The Continental Army Command, as I mentioned, has the primary job of operating the posts, camps, and stations within the continental United States, and the training centers and training areas. Therefore, it is logical that they should be the ones developing the system, what we might call the base system, and if you look at the Air Force system and the Navy system, they both have a division in that area between the operational elements in the field more or less, and those who are operating the bases.

AMC is responsible here for the Army wholesale system. The wholesale system is that activity which goes to industry and procures the items needed. It stores them in depots throughout the continental United States and makes them available for issue. It is therefore logical that their development and their activities and their systems are entirely different from the Army in the field.

What we have to do from the Deputy Chief of Staff, Logistics, point of view is to make sure they all speak in a common language, so that the computer systems will intermesh from the bottom to the top. So I feel that the structure we have for this control for the Army is a

logical one, it is effective and it is efficient; and, as I mentioned in my statement, the people who operate these areas in the agencies involved here are constantly talking to one another, and having meetings, and they work on a common basis.

EXTENSION OF AMC OVERSEAS

Mr. ROBACK. From where you sit, and let's say from where AMC sits, the problems might look different. Do they believe that they ought to have control over the theater depots?

This issue was discussed with General Heiser. There have been some study references. In his testimony there was a reference which he did not identify right there, but I believe it was the so-called Brown report, was it not?

Mr. LUMAN. It was a study entitled "Study of Extension of AMC Overseas."

Mr. ROBACK. Who made that study; was that AMC?

General MILLER. No; this was a Headquarters, Department of the Army, study.

Mr. ROBACK. Was this a study that he said had some unrealistic conclusions?

Mr. LUMAN. Yes.

Mr. ROBACK. I wondered what were——

General MILLER. I was talking to Mr. Luman before the committee assembled this morning about this particular facet, and the status of the study, because my office monitors the activities with regard to what is done with that study.

It has been processed to the Chief of Staff of the Army, with a recommendation that the study results be held in abeyance until the NAPALM program becomes operational. This was done for two reasons.

First, we have a test of high-dollar-value items; that is, AMC's control of high dollar value items, going on now. These are some 1,780 high-dollar-value items that they are controlling worldwide.

Second, the machines at the national inventory control points currently are saturated. This is one reason we are going into NAPLAM as fast as we can, in order to take advantage of the greater capacity of the new machinery. Until it is installed, the NICP's cannot handle the additional workload imposed by overseas extension.

This is why we recommended deferment of action on the study recommendations. Philosophically the question of how far we should extend AMC is still debatable; because, as I mentioned, the key criterion to any logistics support system is responsiveness, specifically, response to the man who is in command of that field unit fighting a battle, and such responsiveness must be geared to three things: time, distance, and geography.

If you can do it geographically, and I cited some examples where we could skip intermediate levels of supply, this is distance and time both. We are developing automated systems today which are going to allow us, for example, to take a matter of hours to put a requirement from a unit in Germany back to the national inventory control point; but the state of the art today does not allow the supplies to move to that man in the same time frame.

We have it on the horizon. We are looking at this in the C–5A, our fast deployment logistics ships and so on. But you have to mesh these things together in the most economical fashion in order to get this response.

Now if you move into the overseas theater, it is the same thing. We are not sure whether we would gain by extending AMC control to the depots in Vietnam at this time. We might or might not.

The problem is the degree of responsiveness to the fellow that is out there forward in the field. Today you talk to any combat commander in Vietnam and he will tell you he has never had such support in his life. This is responsiveness to the field commander's requirements.

The same thing is true in Europe. So what we have to do in studying this is ask ourselves what are we doing to our system insofar as responsiveness to the commander in the field. That is the final criteria.

Mr. ROBACK. But when you get into a problem area as, for example, critical items or high dollar value items, you find AMC being extended overseas in the selective sense; is that not so?

General MILLER. Well, we are trying this as a test. We are trying this as a test to gain visibility.

We have visibility worldwide today for at least the accountable reportable assets. Now when we get into our automated system that we contemplate here, I am not so sure where we will want to put the responsibility for those stocks. If we know at the national level where the stocks are, I do not think it makes much difference who is controlling in between.

Mr. ROBACK. As I made clear to General Heiser, we were not necessarily arguing the case for AMC, but this was the thrust of the General Accounting Office study, at least that there were some benefits to be gained. I do not know whether they made that kind of finding, but I think it was implied. Would you not say so, Mr. Luman?

Mr. LUMAN. Yes. Also, the AMC extension overseas study refers to these earlier studies and makes the same point.

Mr. ROBACK. The Army studies and contract studies seem to be converging toward that kind of a solution, and so the question then comes up whether the issues are really not yet well enough defined or the problems are not yet well enough known, or is it simple reluctance perhaps at your level to make a change like that?

General MILLER. No. I do not think there is any reluctance to make the change, as I have tried to point out. We have not yet reached the point where AMC has the capability to do much more than they are already doing.

Mr. ROBACK. Let me ask you this: Is that the logic of the evolution of the supply system in the Army, as far as the control of the theater depots is concerned?

General MILLER. I am not sure I understood your question.

Mr. ROBACK. The AMC control of the theater depot, is that the logic of the evolution of the Army supply system?

General MILLER. No; I would not say that that is an evolutionary idea within the Army, because again I go back to our organizational structure, and we are studying this, for example, right now as you know in the 1980 time frame.

We have not yet reached the state of the art within AMC, that permits extending them overseas command and controlwise and so forth.

Mr. LUMAN. Could we talk to the philosophy of this for just a minute, General Miller?

One of the accusations sometimes levied against the Army is that there is a heavy reliance on command prerogatives, sometimes to the detriment of efficiency, and some people say that your computers, for example, do not match because each command went out and got their own computer and designed it the way they wanted it and programed it the way they wanted it, and now you have them and they do not match with each other.

The General Accounting Office and some others have said that you have the same problem here with overseas stockage, that there is a great reluctance to have the theater commander report his assets, because he is the man on the ground, and he is in command.

And we have reports, one here that came out of Europe, for example, where the Army stated that permissive overstockage not to exceed expected usage for 12 months is authorized. These stocks are not considered part of the wholesale supply distribution system, subject to redistribution at the discretion of the CONUS NICP's, because they belong to the 7th U.S. Army, which is a tactical force having an assigned military mission.

Mr. ROBACK. Identify the study.

VISIBILITY FOR CONTROL

Mr. LUMAN. This is the report to the Congress on the availability of selected stocks of the U.S. Army in Europe for requirements of other commands. Now this seems to be the Army's one position.

In other words, the theater commander must have this authority, even including permission to overstock and not report the overstockage.

On the other hand, as Mr. Roback has pointed out, you have these high value items, these crucial items which are already managed by AMC, and you have these intensive management items, some 35,000 of them, which General Heiser indicated AMC could require visibility reports on.

So what is the philosophic attitude?

Do you accept complete visibility or do you accept it in part? Do you want to see more or less of it?

General MILLER. Yes; we want to see more of it, and more control over it naturally, because we want to know where these assets are, keep better control and track of them.

I am not familiar with that report, but I feel that perhaps there was some unfortunate wording in there. I think that an examination as to why they were permitted this 12-month overstockage would show that those supplies were in-country. How they got there is not the point.

Mr. LUMAN. The question at issue here, though, was that some of these items that they had overstockage on were crucially short somewhere else. Because of the reporting system the inventory management did not know about this permissive overstockage. They were in-country, I am pretty sure, from the way the record reads.

General MILLER. Well, the only reason for that would have been that it was more costly to return them than it was to leave them there to be attrited.

Mr. LUMAN. Except the General Accounting Office makes the point that this is really a decision that ought to be made by the commodity manager who has to go out and perhaps let a new contract. If he knows, then he can discuss this with someone whether this action should be taken.

GENERAL MILLER. I would pass this to General Klingenhagen because he is the functional manager in the supply and maintenance areas which, at the Department of the Army level, is the comptroller of this.

General KLINGENHAGEN. The Army does have visibility on a quarterly basis for about 80 percent of the dollar value of its items down through the depot level overseas. Now the case that you are talking about was 7th Army depots. Those have since been eliminated under the reorganization.

The Army has given in March of this year authority to the NICP's to redistribute serviceable and unserviceable assets under the intensive management, and this includes about 70 to 80 percent of the dollar value of our inventory.

Mr. LUMAN. These are the 35,000 items?

General KLINGENHAGEN. That is right. They have full authority to direct an overseas commander to send those parts back to the States or to redirect them to another theater.

However, this has only been given to AMC in March. I would say in answer to your question, "what are the trends?" the trends are for more centralization of authority and giving AMC NICP's more visibility.

The degree to which we can give additional authority is dependent of course upon the degree to which we are able to give them visibility.

Mr. DAHLIN. If you gave them power to redistribute, how do they get the information on which to base a redistribution?

General KLINGENHAGEN. I say at the present time they get it through a quarterly report that we get on these items, and each NICP then can match what the assets are worldwide one against the other, and can redirect.

Mr. DAHLIN. So each depot overseas has to do the same kind of operation that DSA is doing back here in the States as far as matching and checking items of excess; is that the case?

General KLINGENHAGEN. That is right.

Mr. LUMAN. This is what I did not understand.

You say there are two reasons why you cannot have more visibility and perhaps overseas control. One reason is that AMC is not prepared to do it now. The other is that you have a wait and see attitude on your test.

Can you state that the Army is this day progressing toward where they are going to have unlimited visibility?

General KLINGENHAGEN. Yes, sir. I think we have varying degrees——

Mr. LUMAN. That is your doctrine now, that you want to get complete visibility?

General KLINGENHAGEN. We have varying degrees of visibility, dependent proportionate upon the criticality of the item and the dollar value of the item.

I would say over the past 5 years we are getting more visibility and giving AMC more control. I will give you an example.

The T–53 turbine engine, in which probably we have more money invested than any other secondary item in the Army, became critically short in supply 18 months ago. This is the engine that is installed in the Huey helicopter. The Huey buildup production rates were so high that we just could not get enough engines built at the same time.

One of the first things we did a year and a half ago in order to get visibility was to establish daily transaction reports on every T–53 engine by serial number wordwide exactly when it changes status. It is reported into AVCOM, the responsible NICP. It is put into their computers. They know exactly when it is serviceable, unserviceable, when it is put on, when it is withdrawn, and where it is.

Since that time we have extended this visibility to 20 high dollar value aviation items, which currently constitute 40 percent of the procurement dollar value of aviation repair parts.

Therefore, we have this daily visibility, as you might call it, and we have given control to AVCOM for the same thing. Between that level of intensive management and the quarterly, which constitutes as I said about 80 percent of the dollar value of items—we have some items reported on a monthly basis. So I would say the trend is toward more visibility and more control.

How far we go——

Mr. LUMAN. That is not my question.

In other words, assuming AMC gets this capability and they come in and say, "All right, our computers will handle it now. How about having the theater commanders report these assets to us?"

Then what happens? You have a study that says you ought to do even more than this.

General MILLER. This is right, and I believe that our overall information and management study, which is going on now, and should be finished in September, will permit us overall visibility as soon as we have these other automated systems meshed together and in effect. Depending on how far you want to go, and here you would have to study this from an efficiency and an economical point of view, there is no point in having reports on certain items where the expense of having the report is more costly than say throwing the item away.

Mr. ROBACK. I think the discussion with General Heiser went along the line at one point that if you had visibility, conceivably you would not necessarily have to have control. That is to say, if the information was readily available on what the assets were, you would not necessarily have to instruct, at least some authorities might believe you would not necessarily, as long as you knew about the information, that would be enough. You would not have to resolve the question of AMC control over the theater depots.

General MILLER. I think this is to a degree true. As I have said, the key to the placement of control is responsiveness to the man in the field.

The reason we have had theater stocks before is because the response time of the people involved in a theater of war was such that the commander there on the ground had to have those things under his control.

Again, it is the same thing down at the division level. The division carries a basic load, which is normally anywhere from 3 to 5 days of

supply. This is just to sustain his unit long enough for him to get a resupply of his requirements. We back the unit up with a DSU which carries anywhere from 5 to 15 days, depending on circumstances. And then you have a general support depot behind the DSU, if your LOC is long enough, where you might have 15 more days in a mobile configuration. This is the response time.

How long does it take you to get from the forward element who is using something back here to this fixed installation, whether it is on the theater shore or whether in the continental United States, and to get a resupply forward? These are the things that must be considered. As the state of the art changes, and you compress time and distance, and you compress the Atlantic Ocean, let's say, to a river or creek, by air capability, there are certain of these things that can be eliminated, and we certainly intend to do so.

This is all in our planning, in our doctrine and our study.

Mr. ROBACK. What I was getting at was this thought: that on the one hand it might be said that unless you had this kind of automatic information for visibility, you could not have AMC control over the overseas theaters.

On the other hand, it might be said, once you get this kind of information, you do not need that kind of control.

General MILLER. I think actually yes, depending on where you put your information. Again, this is one of the problems we have in our current management information study.

How much data does a commander at each echelon really need to manage?

Theoretically, if you have it all in a division data bank, for example, which we will have under the CS_3 system through your communications to that machine down there, you can pull out everything you want to right back to the Department of Defense. But do they want all that detail there?

Theoretically, you could control it right out of the Secretary of Defense's Office, once this information system is put in. But is this feasible? Is it desirable?

Mr. ROBACK. With some Secretaries of Defense, it might be tried.

General MILLER. Of course this is one of the factors of automation, of centralized management. How far do you extend this control?

Mr. ROBACK. This problem comes up with communications also. You get communications, let's say tactical communications where the man with a pack can communicate with the White House. You can see who is going to be running the platoon.

COMPATIBILITY OF ADP SYSTEMS

Mr. MOORHEAD. General, how does the meshing between the services in this system work?

For instance in the case of common items, where the Marines had a surplus or a deficit, you ought to be able to call upon them or they could call upon you.

General MILLER. Yes, sir.

Mr. MOORHEAD. Do they mesh?

General MILLER. I think that they will mesh, and I say it for this reason. Each of the services has a large number of its items managed

by the Defense Supply Agency, and the General Services Administration. We are deliberately, in the Army, standardizing our language—and I have attended several materiel secretaries' breakfasts where this was discussed.

The Navy, the Air Force and the Marines are doing the same thing. They are gearing their systems in the common language area, and this really in the overall, is controlled by DOD. The commonality of language will permit these systems to talk to one another at the Defense level, and not only at Defense but at the whole Government level, because we have the General Services Administration to deal with.

So I think by and large, with that capability, at least depending on the communications circuit, you can talk to each other through our systems.

This is not always necessary, but it can be done. For example, today in Danang theoretically you could have these machines capable of talking to one another.

I would not say in all respects that the language at the present state of the art is that refined. I do not think it is.

Mr. DAHLIN. General, we determined the other day that there were three different kinds of computers in Vietnam which did not talk to each other.

General MILLER. Well, it depends. I do not know what they have there.

Mr. DAHLIN. We found out, I believe, that the Navy had 1410 and the Army has 7010 and the Marine Corps has 360's.

General MILLER. I will call on my expert, Mr. Taylor, to address that, but I would observe that it probably is because they are not programed at the current time in common language.

Mr. DAHLIN. Is that the case, Mr. Taylor?

Mr. TAYLOR. I was not here for the testimony referred to, but certainly there are differences here in equipments, and I am sure that they are not commonly programed. But in indicating that they cannot speak to one another, are you saying, was the testimony to the effect that they cannot actually, in terms of inputs and output, address one another?

This does not seem possible to me, because all of the services today operate under MILSTANDARD procedures, which require commonality of documentation and communication.

Mr. DAHLIN. I believe the testimony is that they are not. We can determine, or you can determine for us, whether they could, if somebody wanted them to. But I do not believe they are talking to each other, as I say, today.

Mr. MOORHEAD. I think it would be helpful if you would find out and make a reply for the record.

Mr. TAYLOR. Yes, sir; we will do so.

(The information requested follows:)

The separate service systems in Vietnam have a limited capability of "talking" to each other. This capability results from common service use of the DOD military standard requisition and issue procedures (MILSTRIP). The standard formats and codes under MILSTRIP are common to the programs for the various types of ADPE installed by the different services. MILSTRIP permits the Air Force and Navy to requisition directly on Army sources in Vietnam, and vice versa, and assures that the subsequent shipment and billing documen-