

which we've been able to document thus far.

QUESTION: Mr. Secretary, my question relates to the DSA's role in inventory management. Your charts show that there are about 200 depots and about \$40 billion of inventory in the services. Well, as I understand it, DSA has only about a dozen depots that they're using, and they have about \$2 billion of inventory according to your chart. Now, this leads me to believe that the DSA really isn't getting very deeply into inventory management. Is there any chance of the DSA moving from the wholesale level and really getting into inventory management of military supplies?

MR. MORRIS: Well, there are many ways in which to appraise the DSA effort. It's handling about 1 1/2 million out of 4 million items, and percentage-wise that's a pretty good chunk of items. Admittedly it has been assigned the management of the fast-moving, less technical, or highly stabilized items for which we do not need to maintain the high inventory investment because turnover can take place so quickly.

The objective has been to code the DSA up to this point; those items which can be managed by separate organizations and which are susceptible to normal good business management practice, as opposed to the highly technical items that require technicians, that are unstable in design; that are intimately related to the operation of critical weapon systems. DSA is a service and support organization and not a control organization; it's not a development or design organization.