WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
~~#2a memo~~	~~NSAM draft~~ open 12-15-99 ~~PCI 2~~ p	~~12/13/65~~	~~A~~
#3 memo	Mann to President S 2 p	12/9/65	A
#3a memo	Solomon to Califano S 6 p	12/6/65	A
~~#5a memo~~	~~NSAM draft~~ open 12-15-99 ~~PCI 2~~ p	11/10/65	A
~~#5b rpt~~	~~"Report of the Special Committee on Stockpile..."~~ ~~S 26 p~~ open per RAC 8/09 12/18/17	~~11/11/65~~	~~A~~
~~#7a memo~~	~~"Stockpile Planning"~~ open 12-15-99 ~~C 2 p~~	~~12/2/65~~	A
~~#8b rpt~~	~~Duplicate of #5b~~ open per RAC 8/09 12/18/17		
~~#9a memo~~	~~Johnson to Bundy~~ open 12-15-99 ~~C~~ 2 p	11/30/65	A
~~#10a rpt~~	~~Duplicate of #5b~~ open per RAC 8/09 12/18/17		
~~#11b rpt~~	~~Duplicate of #5b~~ open per RAC 8/09 12/18/17		
~~#13 memo~~	~~Bundy to Kelly~~ open 12-15-99 C 1 p	~~2/13/65~~	~~A~~
~~#13a memo~~	~~Johnson to Capron~~ ~~C~~ 1 p	~~2/10/65~~	~~A~~
~~#13c memo~~	~~Kelly to Johnson~~ ~~C~~ 1 p	~~2/10/65~~	~~A~~
~~#15 memo~~	Read to Bundy ~~C~~ 1 p	~~2/13/65~~	A

FILE LOCATION

NSF, NSAM, NSAM 321--Review of Strategic Stockpile Objectives **Box 6**

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#16a memo	Bundy to Read C 1 p	open 12-15-99 1/27/65	A
#16a memo	Read to Bundy C 1 p	1/26/65	A
#17 rpt	Duplicate of #16a		
#21f memo	NSAM draft C 2 p	undated	A
#22 memo	Califano to Bundy C 2 p	open NLJ 97-175 (4/98) 12/10/64	A
	(dup # 19, NSF, Subject file, "Presidential Task Force, Committee on Nuclear Proliferation")		
#24a memo	NSAM 321 C 2 p	open 12-15-99 12/1/64	A
#28a memo	NSAM draft PCI 2 p	11/3/64	A
#33 memo	Rostow to Holders of NSAM 321 C 1 p	11/17/67	A
#38 memo	Duplicate of #33		
#39 memo	Duplicate of #24a		

FILE LOCATION

NSF, NSAM, NSAM 321--Review of Strategic Stockpile Objectives **Box 6**

RESTRICTION CODES

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(B) Closed by statute or by the agency which originated the document.
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MEMORANDUM FOR:

Miss Alice Boyce

I've sent the NSAM and DOD concurrence letter to Joe Califano's office with a request that it be returned to your office for numbering and distribution. Attached for Mr. Bundy's information is a copy of the memo CEJ sent to Mr. Califano.

Florence Gwyer

1-25-66
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED. (47)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

1a

~~SECRET~~ January 25, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO, JR.

You will recall that at the December 9 joint meeting of the two committees dealing with stockpile matters all the participants concurred in the draft NSAM for recommendation to the President subject to the position of the Department of Defense.

Mr. Bundy has now received the attached memorandum from Secretary McNamara recording his concurrence in the draft NSAM. This completes the departmental action on the NSAM and Mr. Bundy requested me to forward it to you for packaging with the other stockpile matters that are now on your desk.

Frank Dryden told me yesterday that OEP has already begun to review the specific commodity stockpile objectives in line with the guidance contained in the NSAM in anticipation of eventual Presidential approval of the new guidance. Bennewitz in Defense also told me yesterday that they were hoping the NSAM could be issued shortly because the new guidance will have considerable impact on our approach to stockpiling. I think you will agree that we should try to have the new policy in hand before the Philbin hearing starts.

Charles E. Johnson

~~SECRET~~

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2

RECORD OF ACTION

Joint Meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee, held on December 9, 1965, at 4:00 p.m. in the Situation Room of the White House

The two Committees took the following actions:

(1) Agreed that the draft National Security Action Memorandum should be amended by the addition of a third numbered paragraph of guidance providing that conventional stockpile objectives should be regarded as maximum and that no stocks should be withheld from sale in anticipation of possible future nuclear stockpile requirements. (The amended draft NSAM is attached herewith.)

(2) Concurred in the draft NSAM as amended above, for recommendation to the President, subject to the position of the Department of Defense which is expected by December 17, 1965.

(3) Discussed the legislative presentation to be made early in the next session and agreed that it would be desirable to have a single bill that would authorize the President to dispose of surpluses in the stockpile without specific Congressional approval of each disposition action. However, it was agreed that alternative arrangements would also be studied so that the President could determine the best legislative approach.

(4) Agreed that analysis and research should continue on the question of possible nuclear emergency stockpile requirements but that until firm nuclear emergency needs are established the nation cannot devote scarce resources to the creation and maintenance of contingency nuclear emergency stockpiles, the need for which has not yet been established.

Approved:

McGeorge Bundy - Chairman,
Special Committee on
Stockpile Objectives

Buford Ellington - Chairman,
Executive Stockpile Committee

Attachments:
List of Participants
Draft National Security Action Memorandum

cc: All participants
Robert McNamara
Charles Schultze
Dean Rusk
William F. Raborn
W. Willard Wirtz

Participants in the Joint Meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee, held on December 9, 1965, at 4:00 p.m., in the Situation Room of the White House

BUREAU OF THE BUDGET

Henry Rowen

COMMERCE

John T. Connors

COUNCIL OF ECONOMIC ADVISERS

Gardner Ackley

DEFENSE

Cyrus Vance

GENERAL SERVICES ADMINISTRATION

Lawson B. Knott

INTERIOR

Stewart L. Udall
William E. Florey

LABOR

Seymore Wolfbein

OFFICE OF EMERGENCY PLANNING

Buford Ellington

STATE

Thomas C. Mann
Edmund Getzin

WHITE HOUSE

McGeorge Bundy
Joe Califano
Donald Hornig
Charles E. Johnson
Henry Wilson

2a

DRAFT 12/13/65

The White House
Washington

Date _____

NATIONAL SECURITY ACTION MEMORANDUM NO. ___

TO: The Secretary of Defense
The Secretary of Commerce
The Director, Bureau of the Budget
The Director of Emergency Planning
Special Assistant for National Security Affairs
Special Assistant for Science and Technology
The Chairman, Council of Economic Advisers

SUBJECT: Revisions in Strategic Stockpile Objectives

The purpose of this memorandum is to amend NSAM No. 142, dated April 10, 1962, to provide revised guidance for the calculation of strategic stockpile objectives. NSAM No. 142, which approved the recommendations contained in the March 19, 1962, Report of the Executive Stockpile Committee, is hereby amended to require that:

1. Additional nuclear war stockpile objectives over and above those objectives for limited war purposes will not be adopted at this time.

2. Limited war stockpile objectives will be based upon:

a. estimated essential shortages during a two-year emergency period (as opposed to the present three-year planning period), and

b. the assumption that in an emergency period material resources would be available to the United States from all nations except Eurasian Communist States, the northern tier of the Middle East (Iran, Iraq, and Afganistan), and Southeast Asia.

3. Conventional stockpile objectives will be considered as maximum and no stocks will be withheld from sale in anticipation of possible future nuclear stockpile requirements.

The Director, Office of Emergency Planning, is requested to recalculate conventional war stockpile objectives in accord with this amended guidance and report the results of these recomputations to the Special Committee on Stockpile Objectives as a matter of urgency. Further, the Office of Emergency Planning should promptly prepare appropriate draft disposal legislation for such additional stockpile surpluses which may result from this exercise for submission to the Congress early in the next session.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

December 9, 1965

MEMORANDUM FOR MR. BUNDY

SUBJECT: Annotated Agenda -- Joint Meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee to be held Thursday, December 9, 1965 at 4:00 p.m.

Mac --

You and Governor Ellington are holding the meeting as the chairmen respectively of the two committees noted above.

The two items for action by the committees are:

(1) DOD Letter -- presentation of a new DOD letter to your Special Committee stating an up-to-date DOD and Joint Chiefs view on the accessibility of raw materials in times of emergency and the time cycle that should govern stockpile planning to meet a conventional war emergency (2 years). Assuming no difficulty on this item, the meeting will then address itself to

(2) Draft NSAM -- this draft NSAM was circulated to all participants. An amendment will be suggested by ~~either~~ DOD, the Bureau of the Budget, or Don Hornig. The amendments ~~is~~ are substantially identical and would provide for a third point of guidance to provide in effect that conventional stockpile objectives should be regarded as maximum amounts and no stocks shall be withheld from sale in anticipation of possible future stockpile objectives to meet a nuclear emergency. I recommend that you concur in the addition.

(3) Legislative Presentation --Discussion of coordinated presentation of legislative submittal under the leadership of OEP.

The draft report that was circulated should receive no action of any kind and be referred to only as a Bureau of the Budget background document. Several perfectionists in the "stockpile community" have criticized it for alleged inaccuracies and there would be no benefit in discussing the report in this high level meeting that has not been prepared to deal with it.

Charles E. Johnson

5

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

December 6, 1965

MEMORANDUM FOR MEMBERS OF THE SPECIAL COMMITTEE ON STOCKPILE OBJECTIVES AND THE EXECUTIVE STOCKPILE COMMITTEE

The attached documents are for use in connection with the joint meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee called for Thursday, December 9, 1965, at 4:00 p. m. in the Situation Room, located in the West Wing of the White House.

The draft National Security Action Memorandum is intended for discussion and clearance for early transmittal to the President. The draft "Report of the Special Committee on Stockpile Objectives" is transmitted for purposes of background and has not received any interdepartmental concurrences.

McGeorge Bundy

McGeorge Bundy

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separated from enclosures.

~~SECRET~~

5a

DRAFT
11-10-65

The White House
Washington

Date ____________________

NATIONAL SECURITY ACTION MEMORANDUM NO. ____

TO: The Secretary of Defense
The Secretary of Commerce
The Director, Bureau of the Budget
The Director of Emergency Planning
Special Assistant for National Security Affairs
Special Assistant for Science and Technology
The Chairman, Council of Economic Advisers

SUBJECT: Revisions in Strategic Stockpile Objectives

The purpose of this memorandum is to amend NSAM No. 142, dated April 10, 1962, to provide revised guidance for the calculation of strategic stockpile objectives. NSAM No. 142, which approved the recommendations contained in the March 19, 1962, Report of the Executive Stockpile Committee, is hereby amended to require that:

1. Additional nuclear war stockpile objectives over and above those objectives for limited war purposes will not be adopted at this time.

2. Limited war stockpile objectives will be based upon:

a. estimated essential shortages during a two-year emergency period (as opposed to the present three-year planning period), and

b. the assumption that in an emergency period material resources would be available to the United States from all

nations except Eurasian Communist States, the northern tier of the Middle East (Iran, Iraq, and Afganistan), and Southeast Asia.

The Director, Office of Emergency Planning, is requested to recalculate conventional war stockpile objectives in accord with this amended guidance and report the results of these recomputations to the Special Committee on Stockpile Objectives as a matter of urgency. Further, the Office of Emergency Planning should promptly prepare appropriate draft disposal legislation for such additional stockpile surpluses which may result from this exercise for submission to the Congress early in the next session.

DRAFT

~~SECRET~~

November 11, 1965

5b

REPORT OF THE SPECIAL COMMITTEE ON STOCKPILE OBJECTIVES

Summary

This report contains the initial findings and recommendations of the Special Committee on Stockpile Objectives established at your direction by NSAM No. 321 on December 1, 1964, to review strategic stockpile objectives and post-nuclear attack planning. The Committee, chaired by the Special Assistant for National Security Affairs and consisting of the Secretary of Defense, the Secretary of Commerce, the Special Assistant for Science and Technology, the Director of the Office of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget, was charged with examining planning assumptions and policies for the several stockpiles, with particular attention to:

"(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

"(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

"(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency."

~~SECRET~~

The Committee has sought to assess the various elements of stockpile planning and policy in the light of current military planning and present and prospective international conditions. We have endeavored to insure that stockpile policy is consonant with other elements of national security planning and to avoid the establishment or perpetuation of excessive stockpile objectives and inventories. Unduly high stockpiles result in a drain on scarce budget resources not only in the form of foregone receipts from disposals of unneeded assets, but also in possible further budget expenditures for the purchases of materials.

As of June 30, 1965, the Government held inventories of strategic and critical materials having an acquisition cost of $8.2 billion, and an estimated market value of $8.2 billion. These materials are contained in three principal inventories: The National Stockpile, established by the Strategic and Critical Materials Stock Piling Act of 1946; the Defense Production Act inventory, created by the Defense Production Act of 1950; and the Supplemental Stockpile (and a related Commodity Credit Corporation account), materials for which are obtained from the barter of surplus agricultural commodities under P. L. 480, as amended.

In April 1964, the Office of Emergency Planning completed supply-requirements studies which have become the basis for present conventional war stockpile objectives. Of the total materials

in Government inventories on June 30, 1965, $4.3 billion at estimated market value were considered to be excess to these conventional war objectives. As of that date, inventories equaled or exceeded the conventional war objectives for 62 of 77 strategic and critical materials for which objectives have been set.

The Committee believes that present conventional war stockpile objectives are higher than the Nation needs and that further amounts of stockpiled materials can safely be declared excess and thus become available for disposal action. Its recommendations, therefore, are directed primarily at altering the various conventional war stockpile planning assumptions which are responsible for the present condition of overstated objectives. Many of the recommendations essentially involve little more than the implementation of the most recent "Guidance for Non-Military Planning" document, which was prepared by the Presidentially-established Committee on Non-Military Assumptions (State, Defense, CIA, and OEP), approved by the Cabinet, and issued by OEP in March of this year. The Committee has also considered the need for a nuclear war and reconstruction stockpile and it finds that an adequate basis does not exist at this time for the establishment of formal nuclear war stockpile objectives which would warrant retention of present stockpile surpluses which might otherwise be eligible for disposal.

The specific findings and recommendations of the Committee are summarized below and treated in more detail in the balance of the report.

The Nuclear War Stockpile. The Office of Emergency Planning is now engaged in studies to determine nuclear war stockpile objectives. These studies are not intended to result in a new and separate stockpile, but to augment the existing conventional war stockpile objectives where nuclear war requirements are higher. The OEP expects to complete the studies and establish the nuclear war objectives by the end of the current fiscal year, accepting the higher of the conventional or nuclear war objectives as the overall stockpile objective.

Although the Committee is impressed with the need to move ahead in developing the techniques for determining nuclear war requirements and stockpile objectives, it believes that establishment and announcement of formal nuclear war objectives by the end of the current fiscal year would be premature for several reasons:

(1) The relationship of a nuclear war stockpile to other existing or proposed elements of the national damage-limiting and survival system (including fallout shelters, antiballistic missile defenses, etc.) has not been assessed adequately. Until the interplay between competing and complementary elements of the

overall system is clear, it is not possible to measure with any confidence the relative marginal benefit of stockpile additions to meet nuclear stockpile objectives.

(2) The wide band of uncertainties concerning the nuclear war environment complicates the task of measuring the payoff from stockpiling for post-attack reconstruction.

(3) The Committee notes that some of the data used in the current studies and analyses are not current (e.g., enemy capabilities, U.S. defense capabilities) and that some of the basic assumptions employed (e.g., the assumed continuance of prolonged hostilities after a nuclear attack, the selection of the 25 percent "risk" level for loss-planning purposes, etc.) are in need of clarification.

(4) The risk of deferring action on setting official nuclear war stockpile objectives does not appear to be great.

On the basis of these observations and conclusions, the Committee recommends:

(1) That conventional war stockpile objectives be regarded as the maximum objectives and that no stocks be withheld from sale in anticipation of possible future nuclear stockpile goals.

(2) That current nuclear war requirements studies be continued (and refined as new data and techniques become available) but that objectives generated by the exercise scheduled for completion this fiscal year be regarded as tentative and unofficial

pending thorough review by the Executive Stockpile Committee.

(3) That the Office of Emergency Planning and the Department of Defense review the various assumptions involved in the nuclear stockpile issue (e.g., the likelihood and timing of follow-on attacks, the probability of continued hostilities following nuclear attack, and the probable levels of damage--both to facilities and resources and to the population) and that differences be presented to, and guidance sought from, the Executive Stockpile Committee.

The Conventional War Stockpile. The Committee believes that several of the basic assumptions underlying the present conventional war stockpile objectives result in considerable overstatement of objectives. We believe that it is unrealistic to assume a long and massive conventional conflict on the order of World War II, that current assumptions on the availability of overseas supplies to the U.S. during an emergency period are unduly pessimistic, and that civilian requirements supported by the present objectives are overly generous. For these reasons, and in order to make our mobilization planning more consistent with our military planning, the Committee recommends (1) that the present 3-year war assumption be reduced to 2 years, which would, because of lags in converting raw materials into end products,

still yield production for up to a third year of conflict and (2) that most free world nations be regarded as available sources of supply in the emergency period. The Committee suggests that OEP be directed to calculate tentative objectives consistent with these assumptions by December 15, 1965, for the review of the Executive Stockpile Committee.

THE NUCLEAR WAR STOCKPILE

The Office of Emergency Planning: Responsibility and Analyses

1. Authority:

Stockpile objectives for strategic and critical materials are established in accordance with the authority contained in the Strategic and Critical Materials Stockpiling Act, Public Law 520-75th Congress, as amended. The Director, Office of Emergency Planning is responsible, under a delegation of authority from the President (E.O. 11051), for designating the materials which are strategic and critical and for establishing the quality and quantity of each material that shall be stockpiled.

2. Policy and Objectives:

To date stockpile objectives have been based on the requirements for support of a conventional (limited) war. The Executive Stockpile Committee established by the President on February 7, 1962, included in its March 1962 report a recommendation that:

> "... a study shall be made of the proper scope of stockpile objectives for general nuclear war and the extent of the stockpile necessary for the reconstruction period."
> This Committee also recommended that:
> "...The departments and agencies having responsibilities for supply-requirements studies begin immediately such studies for both limited and nuclear war (including reconstruction)."

These recommendations were approved by the President on April 10, 1962, in National Security Action Memorandum No. 142.

Defense Mobilization Order 8600.1 issued by the Director, OEP, sets forth the general policies for strategic and critical materials stockpiling, and is based in part on the recommendations of the Executive Stockpile Committee. It includes the policy that "Strategic stockpile objectives shall be adequate for limited or general war, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling."

3. Establishment of Objectives:

New conventional war objectives were established by the Director, OEP in 1963-64. These are normally reviewed periodically and revised, if necessary.

OEP has not established specific objectives for nuclear war. Following approval by the President of the recommendations in the Executive Stockpile Committee's March 1962 report, investigations were initiated to develop methods whereby such objectives could be determined.

The OEP nuclear war study utilizes a National Resources Evaluation Center computer procedure--"Nuclear Attack Hazards in Continental United States (NAHICUS-63)"--to determine the probability of damage from nuclear attack on various resources,

population and facilities and the surviving capabilities of the economy. OEP has based its study on the 25 percent probability level (i.e., in 25 out of 100 attack trials involving six various possible types of attacks, the damage or denials, as determined by the NAHICUS-63 procedures, would be greater than the indicated level for any point or resource and in the other 75 cases it would be less. This is a 3 to 1 chance that the indicated level of damage will not occur). The OEP expects also to evaluate the 1%, 10% and 50% probability levels. The output capabilities at this probability level are then modified--using the Office of Business Economics (OBE) official inter-industry data issued in November 1964--to reflect the ability of various sectors to support other sectors and to determine inter-industry demands.

The estimated post-attack requirements that would be placed on the economy are being developed with the assistance of the 30 Federal departments and agencies that have been assigned planning responsibilities by Executive Orders for various resources or sectors of the economy. Post-attack final demand goals (personal consumption, Government, investment and net exports) are being developed. The OBE inter-industry tables will be used to convert these final demands into total output goals for each segment of the economy. A comparison of these with the potential surviving capabilities will identify those resources

that would be in short supply in a post-attack economy. Detailed analyses of these shortage areas will be conducted to evaluate the various possible methods--substitution, reduction in demands, etc.--by which they could be alleviated or eliminated. Finally, after all adjustments are made, stockpile objectives that would eliminate remaining shortages can be determined.

Nuclear War Stockpiling--The Issues

Of the various criteria which bear on specific nuclear war stockpile objectives, the Committee has given special consideration to the following questions:

1. Is nuclear stockpiling being considered in the context of a balanced posture relating military and non-military security and non-security national objectives?

2. Are existing analyses, assumptions, goals, and techniques realistic and adequate for the purpose of determining stockpile objectives?

Discussion and Conclusions

The stockpiling of raw materials for the contingency of a nuclear war is but one facet of a complex of nuclear war deterrence and combat activities including strategic offensive and defensive forces, civil defense programs, and medical and food stockpile programs. The objectives of these forces and programs

are: (1) to deter deliberate nuclear attack, (2) should deterrence fail, to limit damage to our population and industrial capacity, and (3) to provide for the survival of the Nation. It is important that we achieve a sensible balance in our overall nuclear posture. Balance implies a testing of each element in this array against all others in terms of relative contribution. At each successive level of the aggregate of defense spending, it requires the dedication of available resources to those elements exhibiting the greatest marginal payoff. And, in measuring payoff, it is clear that the primary objective of our programs has been and is the deterrence of nuclear attack and that secondary objectives have been the immediate survival of our population and the post-attack survival and reconstruction of the economy.

Studies by the Department of Defense of a number of balanced defense postures have shown that a Soviet attack in 1970 could result in U.S. fatalities of from 122 million to 149 million of a total population of 210 million, depending upon the assumption used with regard to the timing and nature of the attack against U.S. cities and given the approved U.S. damage limiting program. Analysis of the effect of additions to the approved program in reducing fatalities has shown the high utility of a nationwide fallout shelter program in a major attack situation and that,

related to other military defense measures, such as added ballistic missiles or anti-missile systems, such a program should be a necessary part of any expanded damage limiting program. In general, because of the threat from radioactive fallout, the most important element in the national economy--our population--is also the most vulnerable. The first task in survival planning should, therefore, be to reduce this vulnerability.

Post-shelter and longer-term survival of the population and restoration of the productive capability of the economy are also highly important and cannot be ignored. However, immediate survival in the event of an attack remains the critical first objective; indeed longer term survival and reconstruction program needs are dependent upon immediate survival levels. In part because of the reluctance of the Congress to authorize the fallout shelter program proposed by the Administration, we have hardly begun to invest in this area of national defense.

In contrast, we already have a high level of stockpile inventories. These circumstances plus the uncertainties which exist on the likelihood, scale and form of a nuclear war suggest that it will be most difficult to demonstrate a greater utility for additions to present stockpile objectives than for additions

to immediate survival programs. Some of these uncertainties are noted in the approved "Guidance for Non-Military Planning," which states that "Deliberate initiation of general war against the United States by the USSR is highly unlikely during the next decade, but it is possible. Initiation of such a war against the U.S. by Communist China during the period is even more remote ..." Regarding military needs, the Guidance observes that "the requirements for military hardware and related supplies would be less than those generated by large-scale and protracted limited war."

Similar difficulties exist in evaluating the form which a nuclear stockpile might take. A stockpile of raw materials will have some eventual utility in most imaginable post-attack environments. However, we find little evidence at this time which would justify setting nuclear war stockpile requirements higher than those for conventional war in the face of uncertainties about the size of the surviving population and its needs.

The approved "Guidance for Non-Military Planning" states, for example, that great and unpredictable damage to the domestic production base would result in a requirement for a different type of stockpile for nuclear war than for limited war, requiring "more emphasis in stockpiling of finished products, such as construction equipment, rail equipment, prefab buildings, and survival equipment."

The current supply-requirements studies for nuclear war and reconstruction represent a valuable step in the development of techniques for estimating post-attack needs and for uncovering problems and bottlenecks which might be encountered. These studies should be continued. The OEP is utilizing some of the latest methodologies available (such as inter-industry techniques and input-output tables prepared by the Office of Business Economics in the Department of Commerce). However, the Committee notes some of the underlying assumptions and data for the studies have certain limitations. The NAHICUS-63 procedure, for example, currently uses data on enemy capabilities and U.S. defense capabilities which are not up to date. The procedure also assumes that "follow-on" attacks would not have any significant effect on the study results and that conventional hostilities will continue after a nuclear attack on the United States. The OEP, with the cooperation of the JCS and the Department of Defense, is now assembling improved data from which new evaluations, to be designated HAZARD-70, can be prepared. These will be available sometime in 1966, and should be used to revise the results of the present studies. With regard to assumptions concerning follow-on attacks; the form, likelihood, and scale of continuing conventional hostilities; and what should constitute an acceptable "risk-level," the Committee recommends that the OEP and the

Department of Defense jointly examine these issues and bring appropriate policy questions to the Executive Stockpile Committee for review.

Recommendation

In the light of these considerations, the Committee concludes that it would be premature to establish formal nuclear stockpile objectives. The Committee has no absolute basis for denying that a nuclear stockpile may be needed (or even that current studies will in fact generate objectives higher than those for the conventional war stockpile). However, the Committee does not judge that an adequate case can be made at this time for the formal establishment of separate nuclear war stockpile objectives. It does not appear that postponing establishment of formal nuclear war objectives until planning assumptions and analytic procedures are improved will entail a great degree of risk. On the basis of preliminary data from the current studies, the OEP does not anticipate that for many items nuclear stockpile requirements will be significantly higher than existing objectives. On the other hand, the risks of setting formal objectives on the basis of the present timetable are the difficulty of subsequently renouncing the objectives should later analyses show these to be excessive and the

possible loss of receipts from the sale of materials which otherwise would have been excess.

We therefore recommend that the OEP supply-requirements studies should continue--and that they be revised to reflect HAZARD-70 when available--but that the results of the current study be regarded as tentative and unofficial and announcement of any higher objectives generated by that study be withheld pending further review by the Executive Stockpile Committee.

THE CONVENTIONAL WAR STOCKPILE

The Existing Stockpile

Present stockpile objectives are based on the determination of supply-requirement deficits in a conventional war situation. Some of the more important of the currently used assumptions are:

1. The stockpile shall be adequate for the conduct of a three-year war. It appears that this assumption requires materials sufficient to support production for three years, regardless of the levels of end items on hand prior to the outbreak of hostilities which would support combat consumption for a significant portion of the hypothetical three-year period.

2. For purposes of establishing ceilings, per capita civilian consumption is assumed (May 8, 1963, guidelines) to decline for durable goods (by 21% over the three year period), although per capita expenditures for non-durables and for services are assumed to increase steadily over prewar levels.

3. No reliance shall be placed on imports from foreign sources of supply beyond North America and comparably accessible sources (Mexico and the Caribbean) during an emergency. However, for exports, it is assumed that materials will be exported to the extent that a country is normally dependent upon the U. S.

4. Accessible foreign sources of supply shall be discounted to reflect internal risks and risks of concentration in supply

countries. Domestic supplies shall be discounted to reflect vulnerability to sabotage.

The OEP directs the conduct of supply-requirements studies and stockpile objectives with the assistance of the Interdepartmental Materials Advisory Committee (IMAC). In preparing the individual studies, requirements are divided into three categories: Military requirements for materials based on military production schedules (estimated by Defense); defense-supporting and essential civilian requirements (estimated by OEP and the Business and Defense Services Administration on the basis of GNP projections and historical experience); and exports (estimated by the Department of Commerce and/or the Department of State on the basis of historical usage). At the same time, supply data are estimated by the Departments of Agriculture, Commerce, and Interior. These sets of data are submitted to commodity committees (chaired by OEP specialists) who review the data, factor supply estimates to reflect various risks, and prepare basic data sheets for IMAC review. Guidance on risk factoring is prepared by DOD (accessibility of foreign sources and ocean shipping losses) and the Department of State (dependability of supply countries on the basis of economic and political factors). The IMAC review results in approval or disapproval of the supply-requirements data and leads to the setting of stockpile objectives by the OEP Director.

The status of selected items in the national stockpile as of last June 30 is shown in table 1. As noted previously, the objectives represent those determined for conventional war as a result of studies completed in 1964. The large excesses shown result primarily from action taken in 1958 to lower objectives from a 5-year to 3-year emergency period assumption.

Inventories of Selected Strategic Materials and Market Value
June 30, 1965

Commodity and quantitative unit	Stockpile objective		Excess to objective	
	Units (000)	Dollars (millions)	Units (000)	Dollars (millions)
Aluminum: short ton.....	450	220.5	1,443	707.2
Chromite metallurgical: short dry ton.....	2,970	145.5	2,324	173.9
Copper: short ton.....	775	560.4	227	163.6
Lead: short ton.....	0	0	1,309	418.8
Nickel: short ton.....	50	75.0	161	241.0
Rubber: long ton.....	130	74.8	662	380.8
Tin: long ton.....	200	801.9	92	367.8
Tungsten: pound.....	44,000	113.3	116,122	296.1
Zinc: short ton.....	0	0	1,416	410.8
Subtotal.....	-	1,991.4	-	3,160.0
Other materials--stockpile grade.....	-	1,821.2	-	960.8
Other materials--nonstockpile grade and without objectives	-	-	-	218.4
Total market value of inventories	-	3,812.6	-	4,339.3
Materials on order (principally barter).....	-	.6	-	38.6

Issues and Discussion

The Committee has satisfied itself that several of the basic assumptions underlying the conventional war stockpile objectives are too cautious and result in a substantial overstatement of objectives.

1. The three-year war assumption.--This assumption is not fully consistent with contemporary military planning. The Department of Defense has explicitly rejected a long World War II style of war as a model for planning purposes. For example, in announcing the proposed realignment of Army reserve forces earlier this year, the Secretary of Defense indicated that "Our analyses of the various kinds of limited war situations we are likely to face over the balance of this decade indicate a requirement for an Army force of about 22 divisions, plus two special purpose divisions specifically tailored for use within the Western Hemisphere. Sixteen divisions are provided in the active army. The other eight divisions (including the two special purpose divisions) plus all of the units needed to round out the 24-division force, can and should be provided within the Army reserve component structure and all of the resources and efforts devoted to the reserves should be directed to raising their combat readiness to the required level. The existing reserve component structure still devotes considerable resources to units for which there is no requirement in our contingency war plans, namely, the 21 divisions and various non-divisional units in the "low priority category." The Department

has also recently adjusted the level of support to six months across the board for all services except for ammunition for Army non-NATO forces, which remains on a D to P basis. It should be noted in determining military requirements that our European allies presently maintain only a limited capability for sustained combat (10 to 60 days of combat consumption).

We have made the reasons for rejecting the notion of a long conventional war clear in our internal planning and in discussions with our allies. In the critical European area, both sides possess enormous nuclear capabilities. Because an attack on Western Europe would constitute such a grave peril, we would be obliged to apply whatever force was needed to counter it. With stakes so high, the likelihood of a large-scale Soviet invasion there is remote and, if it happens, the probability of the conflict continuing at a sustained high level of intensity without escalating into a nuclear conflict is similarly remote. Conventional war conflicts in other parts of the world are more likely, but, because the forces of potential aggressors other than the Soviet Union are smaller and less effective, the probability of a single conflict or several simultaneous limited wars collectively approaching the World War II scale is even less likely than in Europe. On the basis of its studies of a representative group of limited war situations in areas outside of Europe, including simultaneous conflicts in two different areas, the Department foresees no probable instance in

which it would have a requirement for more than the presently programmed force.

Current Defense logistic support guidance is both a reflection and a determinant of the low likelihood of a drawn-out conventional war of large scale. For the Army, current logistics guidance for combat equipment is generally D plus 6 months for 22 divisions; for ammunition, the objective is D plus 6 months for the 8 divisions in or reserved for Europe and D to P (from the outbreak of hostilities to the point where production catches up to consumption) only for the 14 divisions. Prior Army guidance provided stocks equivalent to D to P for all war reserves for a 16 division force. The Marine Corps is subject to a D plus 6 months objective, as are the Air Force and the Navy with regard to ordnance and other related consumables.

Our European allies are, on the whole, not stocked to support even 30 days of combat consumption and their budget plans through 1970 indicate no intention to improve this status, despite several years of U. S. pressure on them to bolster their war reserves. Our non-European allies are even less able to support sustained combat operations. Further, the U. S. has not proposed to build up such reserves for these allies. (We would, of course, honor our commitments to MAP recipient countries in the event of hostilities involving them.)

Finally, the Committee notes that the three-year assumption appears to equate the supply of finished goods with the availability of raw materials. A stockpile designed to provide materials for three years of production would generate finished products up to one year after hostilities have ceased due to the lag in conversion of raw materials into end items. In effect, therefore, current stockpile objectives would provide production support for up to a four-year war.

2. Accessibility of foreign sources of supply.--Department of Defense judgment on the accessibility of foreign sources of supply in conventional war situations has been approved in the OEP-issued "Guidance for Non-Military Planning," which states that "In the event of direct hostilities between the U. S. and the Soviet Bloc, material resources from all nations except Eurasian Communist states, the northern tier of the middle East (Iran, Iraq, and Afganistan), and Southeast Asia would probably be accessible." However, present stockpile goods have been set on the assumption that overseas supply would be restricted generally to the Caribbean area, Mexico, and Canada.

In view of present and prospective ASW forces, Secretary McNamara has states "... we now believe that our ASW forces may be large and capable enough to ensure the resupply of our forces even during simultaneous conflicts in Europe and in the Far East."

Defense believes that a heavy toll of Soviet submarine forces would be taken in the very early stages of general conventional war. So long as this posture is maintained, the Committee endorses the OEP-issued "Guidance" document which assumes the availability of supplies from most of the Free World. We also believe that assumptions regarding continued exports by U. S. during hostilities and imports during such periods should be consistent with each other.

Recommendations

It is the opinion of the Committee that the foregoing factors have led to the establishment of too high conventional war stockpile objectives. Therefore, the Committee makes the following recommendations:

1. The conventional war stockpile should be designed basically to provide production support for no more than the approved Defense force structure for no more than a period of two years.--The DOD guidance to OEP, assuming a commitment of 22 divisions fully engaged by D + 6 months, should continue to be the force level basis used in requirements planning and determination. However, military support should be limited to production for a two-year period, both in recognition of the lag in conversion of raw materials into end items and of the low probability that a long conventional war would occur. Even in this case, end items would continue to roll off assembly lines if needed for up to the end of the third year of hostilities.

2. Supply availability factoring should be broadened.--Accessibility assumptions contained in "Guidance for Non-Military Planning" as well as assumptions concerned with the probable low level of transit losses should be followed closely.

3. The Office of Emergency Planning should estimate new tentative stockpile objectives in accordance with the above recommendations.--These tentative objectives will be provided by December 15, 1965, for review by the Executive Stockpile Committee. The OEP should include with the tentative objectives a summation of all other significant assumptions used in their preparation (e.g., transit loss assumptions, export levels during wartime, etc.).

Pending the review of these materials by the Committee, present conventional war stockpile objectives will remain in force and will be considered the approved stockpile objectives.

NATIONAL SECURITY COUNCIL

December 3, 1965

NOTE FOR MR. BUNDY

Mac --

Here is a draft transmittal to be used in sending the draft NSAM and "Report of the Special Committee on Stockpile Objectives" to those who will be attending the meeting. I also attach a list of those who will attend. On the list I have included certain White House staffers who I assume should also attend because of the special responsibilities that will fall to them in connection with the Congressional presentation.

Charles E. Johnson

OK

6a

List of Attendees for Joint Meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee to be held on Thursday, December 9, 1965 at 4:00 p.m. in the Situation Room

Gardner Ackley - Special Committee
Chairman, Council of Economic Advisers

McGeorge Bundy - Special Committee

Joe Califano

John T. Connors - Special Committee and Executive Committee
Secretary of Commerce

Buford Ellington - Special Committee and Executive Committee
Director of Emergency Planning

Dr. Donald Hornig - Special Committee

Charles E. Johnson

Lawson B. Knott - Executive Committee
Administrator, General Services Administration

Thomas C. Mann - Edmund Getzan
Department of State

Jack O'Leary
Department of the Interior

Walter Pozen
Department of the Interior

William F. Raborn - Executive Committee
Director of Central Intelligence

Charles Schultze - Special Committee
Director, Bureau of the Budget

Cyrus Vance
Department of Defense

Henry Wilson

Seymore Wolfbein
Department of Labor

Alice --

The original is for Mr. Bundy's file. I've burned a copy for Cy Vance and Joe Califano -- if Mr. Bundy wants to give them copies. I've given a copy to Harry Rowen and Buford Ellington.

Florence 12/3/65

OK

MEMORANDUM

7a

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

December 2, 1965

MEMORANDUM OF MEETING HELD IN MR. BUNDY'S OFFICE ON TUESDAY, DECEMBER 1, 1965 AT 4:30 P. M.

SUBJECT: Stockpile Planning

PARTICIPANTS: McGeorge Bundy, Buford Ellington, Charles E. Johnson

1. Mr. Bundy noted that he wished to use the NSAM 321 Special Committee on Stockpile Objectives to further the President's interest in ensuring that current stockpile objectives are no larger than they have to be so that orderly disposal of quantities of materials not essential to the stockpile requirements can be initiated. Governor Ellington referred to the existing Executive Stockpile Committee and the desirability of using this Committee as the top review group in the determination of specific stockpile objectives. It was agreed that it is highly desirable to make use of existing machinery insofar as possible to achieve the President's purpose.

2. Mr. Bundy stated that he has requested the Department of Defense, through Mr. Vance, for up-to-date guidance as a matter of urgency based on the current military judgment of the Joint Chiefs of Staff with respect to probabilities of the loss of essential imports through enemy action and an estimate of the probable duration of a conventional war emergency. These two factors largely determine the size of the conventional war stockpile. This letter has been requested as a matter of urgency.

Mr. Bundy and Governor Ellington also noted that Mr. Califano will discuss with the State Department the impact of U.S. disposal of certain commodities on the regular marketing of these commodities by friendly foreign countries.

3. It was agreed that:

a. Mr. Bundy and Governor Ellington would convene a joint meeting of the Special Committee on Stockpile Objectives and the Executive Stockpile Committee, plus certain additional White House staff that are involved, for the purpose of noting the forthcoming letter from the Secretary of Defense referred to above and agreeing on a National Security Action Memorandum to be recommended to the President. This NSAM would be intended to provide new overall guidance to the Executive Stockpile Committee and to the Office of Emergency Planning under which specific new objectives could be established. With the approval of this NSAM, the work of the Special Committee under NSAM 321 would be completed and the Special Committee terminated.

b. An additional subject for possible discussion at this meeting would be the legislative package to be presented in the forthcoming session of the Congress and the procedure to be followed in obtaining early and favorable action thereon.

3. The draft "Report of the Special Committee on Stockpile Objectives" would be circulated in advance of the meeting only as background information and not for formal action.

Charles E. Johnson

8

~~SECRET~~ December 1, 1965

MEMORANDUM FOR THE HONORABLE CYRUS R. VANCE,
DEPUTY SECRETARY OF DEFENSE

Cy --

Here is the draft Stockpile Report that Mac spoke to you about this morning. The Bureau of the Budget developed it and although there has been a substantial DOD input, it has not received any kind of formal DOD review and concurrence. However, Harry Rowen has been in touch with Fred Hoffman and Eckhard Bennewitz and we think that there are no differences with the DOD on the essential conclusions and recommendations although perhaps there might be some nits to pick on details. Hoffman and Benny would be the most knowledgeable people for you to talk to in orienting yourself on this problem.

I am also attaching a copy of the letter Tom Morris sent Ed McDermott almost two years ago on the accessibility of raw materials in times of emergency. This letter is the basis for the Bureau's major conclusion on this matter and it would be well to have the substance of the letter updated and reaffirmed in the new letter. Also, I am sending you the draft NSAM that we would ask the President to sign to complete the immediate action on the project and start OEP working under new guidelines.

Charles E. Johnson

~~SECRET~~

This document regraded
UNCLASSIFIED when
separated from enclosures.

The Director, Office of Emergency Planning, is requested to recalculate conventional war stockpile objectives in accord with this amended guidance and report the results of these recomputations to the Special Committee on Stockpile Objectives as a matter of urgency. Further, the Office of Emergenc y Planning should promptly prepare appropriate draft disposal legislation for such additional stockpile surpluses which may result from this exercise for submission to the Congress early in the next session.

DRAFT

~~SECRET~~

8b

November 11, 1965

REPORT OF THE SPECIAL COMMITTEE ON STOCKPILE OBJECTIVES

Summary

This report contains the initial findings and recommendations of the Special Committee on Stockpile Objectives established at your direction by NSAM No. 321 on December 1, 1964, to review strategic stockpile objectives and post-nuclear attack planning. The Committee, chaired by the Special Assistant for National Security Affairs and consisting of the Secretary of Defense, the Secretary of Commerce, the Special Assistant for Science and Technology, the Director of the Office of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget, was charged with examining planning assumptions and policies for the several stockpiles, with particular attention to:

"(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

"(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

"(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency."

~~SECRET~~

The Committee has sought to assess the various elements of stockpile planning and policy in the light of current military planning and present and prospective international conditions. We have endeavored to insure that stockpile policy is consonant with other elements of national security planning and to avoid the establishment or perpetuation of excessive stockpile objectives and inventories. Unduly high stockpiles result in a drain on scarce budget resources not only in the form of foregone receipts from disposals of unneeded assets, but also in possible further budget expenditures for the purchases of materials.

As of June 30, 1965, the Government held inventories of strategic and critical materials having an acquisition cost of $8.2 billion, and an estimated market value of $8.2 billion. These materials are contained in three principal inventories: The National Stockpile, established by the Strategic and Critical Materials Stock Piling Act of 1946; the Defense Production Act inventory, created by the Defense Production Act of 1950; and the Supplemental Stockpile (and a related Commodity Credit Corporation account), materials for which are obtained from the barter of surplus agricultural commodities under P. L. 480, as amended.

In April 1964, the Office of Emergency Planning completed supply-requirements studies which have become the basis for present conventional war stockpile objectives. Of the total materials

in Government inventories on June 30, 1965, $4.3 billion at estimated market value were considered to be excess to these conventional war objectives. As of that date, inventories equaled or exceeded the conventional war objectives for 62 of 77 strategic and critical materials for which objectives have been set.

The Committee believes that present conventional war stockpile objectives are higher than the Nation needs and that further amounts of stockpiled materials can safely be declared excess and thus become available for disposal action. Its recommendations, therefore, are directed primarily at altering the various conventional war stockpile planning assumptions which are responsible for the present condition of overstated objectives. Many of the recommendations essentially involve little more than the implementation of the most recent "Guidance for Non-Military Planning" document, which was prepared by the Presidentially-established Committee on Non-Military Assumptions (State, Defense, CIA, and OEP), approved by the Cabinet, and issued by OEP in March of this year. The Committee has also considered the need for a nuclear war and reconstruction stockpile and it finds that an adequate basis does not exist at this time for the establishment of formal nuclear war stockpile objectives which would warrant retention of present stockpile surpluses which might otherwise be eligible for disposal.

The specific findings and recommendations of the Committee are summarized below and treated in more detail in the balance of the report.

The Nuclear War Stockpile. The Office of Emergency Planning is now engaged in studies to determine nuclear war stockpile objectives. These studies are not intended to result in a new and separate stockpile, but to augment the existing conventional war stockpile objectives where nuclear war requirements are higher. The OEP expects to complete the studies and establish the nuclear war objectives by the end of the current fiscal year, accepting the higher of the conventional or nuclear war objectives as the overall stockpile objective.

Although the Committee is impressed with the need to move ahead in developing the techniques for determining nuclear war requirements and stockpile objectives, it believes that establishment and announcement of formal nuclear war objectives by the end of the current fiscal year would be premature for several reasons:

(1) The relationship of a nuclear war stockpile to other existing or proposed elements of the national damage-limiting and survival system (including fallout shelters, antiballistic missile defenses, etc.) has not been assessed adequately. Until the interplay between competing and complementary elements of the

overall system is clear, it is not possible to measure with any confidence the relative marginal benefit of stockpile additions to meet nuclear stockpile objectives.

(2) The wide band of uncertainties concerning the nuclear war environment complicates the task of measuring the payoff from stockpiling for post-attack reconstruction.

(3) The Committee notes that some of the data used in the current studies and analyses are not current (e.g., enemy capabilities, U.S. defense capabilities) and that some of the basic assumptions employed (e.g., the assumed continuance of prolonged hostilities after a nuclear attack, the selection of the 25 percent "risk" level for loss-planning purposes, etc.) are in need of clarification.

(4) The risk of deferring action on setting official nuclear war stockpile objectives does not appear to be great.

On the basis of these observations and conclusions, the Committee recommends:

(1) That conventional war stockpile objectives be regarded as the maximum objectives and that no stocks be withheld from sale in anticipation of possible future nuclear stockpile goals.

(2) That current nuclear war requirements studies be continued (and refined as new data and techniques become available) but that objectives generated by the exercise scheduled for completion this fiscal year be regarded as tentative and unofficial

pending thorough review by the Executive Stockpile Committee.

(3) That the Office of Emergency Planning and the Department of Defense review the various assumptions involved in the nuclear stockpile issue (e.g., the likelihood and timing of follow-on attacks, the probability of continued hostilities following nuclear attack, and the probable levels of damage--both to facilities and resources and to the population) and that differences be presented to, and guidance sought from, the Executive Stockpile Committee.

The Conventional War Stockpile. The Committee believes that several of the basic assumptions underlying the present conventional war stockpile objectives result in considerable overstatement of objectives. We believe that it is unrealistic to assume a long and massive conventional conflict on the order of World War II, that current assumptions on the availability of overseas supplies to the U.S. during an emergency period are unduly pessimistic, and that civilian requirements supported by the present objectives are overly generous. For these reasons, and in order to make our mobilization planning more consistent with our military planning, the Committee recommends (1) that the present 3-year war assumption be reduced to 2 years, which would, because of lags in converting raw materials into end products,

still yield production for up to a third year of conflict and (2) that most free world nations be regarded as available sources of supply in the emergency period. The Committee suggests that OEP be directed to calculate tentative objectives consistent with these assumptions by December 15, 1965, for the review of the Executive Stockpile Committee.

THE NUCLEAR WAR STOCKPILE

The Office of Emergency Planning: Responsibility and Analyses

1. Authority:

Stockpile objectives for strategic and critical materials are established in accordance with the authority contained in the Strategic and Critical Materials Stockpiling Act, Public Law 520-75th Congress, as amended. The Director, Office of Emergency Planning is responsible, under a delegation of authority from the President (E.O. 11051), for designating the materials which are strategic and critical and for establishing the quality and quantity of each material that shall be stockpiled.

2. Policy and Objectives:

To date stockpile objectives have been based on the requirements for support of a conventional (limited) war. The Executive Stockpile Committee established by the President on February 7, 1962, included in its March 1962 report a recommendation that:

> "... a study shall be made of the proper scope of stockpile objectives for general nuclear war and the extent of the stockpile necessary for the reconstruction period."
> This Committee also recommended that:
> "...The departments and agencies having responsibilities for supply-requirements studies begin immediately such studies for both limited and nuclear war (including reconstruction)."

These recommendations were approved by the President on April 10, 1962, in National Security Action Memorandum No. 142.

Defense Mobilization Order 8600.1 issued by the Director, OEP, sets forth the general policies for strategic and critical materials stockpiling, and is based in part on the recommendations of the Executive Stockpile Committee. It includes the policy that "Strategic stockpile objectives shall be adequate for limited or general war, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling."

3. Establishment of Objectives:

New conventional war objectives were established by the Director, OEP in 1963-64. These are normally reviewed periodically and revised, if necessary.

OEP has not established specific objectives for nuclear war. Following approval by the President of the recommendations in the Executive Stockpile Committee's March 1962 report, investigations were initiated to develop methods whereby such objectives could be determined.

The OEP nuclear war study utilizes a National Resources Evaluation Center computer procedure--"Nuclear Attack Hazards in Continental United States (NAHICUS-63)"--to determine the probability of damage from nuclear attack on various resources,

population and facilities and the surviving capabilities of the economy. OEP has based its study on the 25 percent probability level (i.e., in 25 out of 100 attack trials involving six various possible types of attacks, the damage or denials, as determined by the NAHICUS-63 procedures, would be greater than the indicated level for any point or resource and in the other 75 cases it would be less. This is a 3 to 1 chance that the indicated level of damage will not occur). The OEP expects also to evaluate the 1%, 10% and 50% probability levels. The output capabilities at this probability level are then modified--using the Office of Business Economics (OBE) official inter-industry data issued in November 1964--to reflect the ability of various sectors to support other sectors and to determine inter-industry demands.

The estimated post-attack requirements that would be placed on the economy are being developed with the assistance of the 30 Federal departments and agencies that have been assigned planning responsibilities by Executive Orders for various resources or sectors of the economy. Post-attack final demand goals (personal consumption, Government, investment and net exports) are being developed. The OBE inter-industry tables will be used to convert these final demands into total output goals for each segment of the economy. A comparison of these with the potential surviving capabilities will identify those resources

that would be in short supply in a post-attack economy. Detailed analyses of these shortage areas will be conducted to evaluate the various possible methods--substitution, reduction in demands, etc.--by which they could be alleviated or eliminated. Finally, after all adjustments are made, stockpile objectives that would eliminate remaining shortages can be determined.

Nuclear War Stockpiling--The Issues

Of the various criteria which bear on specific nuclear war stockpile objectives, the Committee has given special consideration to the following questions:

1. Is nuclear stockpiling being considered in the context of a balanced posture relating military and non-military security and non-security national objectives?

2. Are existing analyses, assumptions, goals, and techniques realistic and adequate for the purpose of determining stockpile objectives?

Discussion and Conclusions

The stockpiling of raw materials for the contingency of a nuclear war is but one facet of a complex of nuclear war deterrence and combat activities including strategic offensive and defensive forces, civil defense programs, and medical and food stockpile programs. The objectives of these forces and programs

are: (1) to deter deliberate nuclear attack, (2) should deterrence fail, to limit damage to our population and industrial capacity, and (3) to provide for the survival of the Nation. It is important that we achieve a sensible balance in our overall nuclear posture. Balance implies a testing of each element in this array against all others in terms of relative contribution. At each successive level of the aggregate of defense spending, it requires the dedication of available resources to those elements exhibiting the greatest marginal payoff. And, in measuring payoff, it is clear that the primary objective of our programs has been and is the deterrence of nuclear attack and that secondary objectives have been the immediate survival of our population and the post-attack survival and reconstruction of the economy.

Studies by the Department of Defense of a number of balanced defense postures have shown that a Soviet attack in 1970 could result in U.S. fatalities of from 122 million to 149 million of a total population of 210 million, depending upon the assumption used with regard to the timing and nature of the attack against U.S. cities and given the approved U.S. damage limiting program. Analysis of the effect of additions to the approved program in reducing fatalities has shown the high utility of a nationwide fallout shelter program in a major attack situation and that,

related to other military defense measures, such as added ballistic missiles or anti-missile systems, such a program should be a necessary part of any expanded damage limiting program. In general, because of the threat from radioactive fallout, the most important element in the national economy--our population--is also the most vulnerable. The first task in survival planning should, therefore, be to reduce this vulnerability.

Post-shelter and longer-term survival of the population and restoration of the productive capability of the economy are also highly important and cannot be ignored. However, immediate survival in the event of an attack remains the critical first objective; indeed longer term survival and reconstruction program needs are dependent upon immediate survival levels. In part because of the reluctance of the Congress to authorize the fall-out shelter program proposed by the Administration, we have hardly begun to invest in this area of national defense.

In contrast, we already have a high level of stockpile inventories. These circumstances plus the uncertainties which exist on the likelihood, scale and form of a nuclear war suggest that it will be most difficult to demonstrate a greater utility for additions to present stockpile objectives than for additions

to immediate survival programs. Some of these uncertainties are noted in the approved "Guidance for Non-Military Planning," which states that "Deliberate initiation of general war against the United States by the USSR is highly unlikely during the next decade, but it is possible. Initiation of such a war against the U.S. by Communist China during the period is even more remote ..." Regarding military needs, the Guidance observes that "the requirements for military hardware and related supplies would be less than those generated by large-scale and protracted limited war."

Similar difficulties exist in evaluating the form which a nuclear stockpile might take. A stockpile of raw materials will have some eventual utility in most imaginable post-attack environments. However, we find little evidence at this time which would justify setting nuclear war stockpile requirements higher than those for conventional war in the face of uncertainties about the size of the surviving population and its needs.

The approved "Guidance for Non-Military Planning" states, for example, that great and unpredictable damage to the domestic production base would result in a requirement for a different type of stockpile for nuclear war than for limited war, requiring "more emphasis in stockpiling of finished products, such as construction equipment, rail equipment, prefab buildings, and survival equipment."

The current supply-requirements studies for nuclear war and reconstruction represent a valuable step in the development of techniques for estimating post-attack needs and for uncovering problems and bottlenecks which might be encountered. These studies should be continued. The OEP is utilizing some of the latest methodologies available (such as inter-industry techniques and input-output tables prepared by the Office of Business Economics in the Department of Commerce). However, the Committee notes some of the underlying assumptions and data for the studies have certain limitations. The NAHICUS-63 procedure, for example, currently uses data on enemy capabilities and U.S. defense capabilities which are not up to date. The procedure also assumes that "follow-on" attacks would not have any significant effect on the study results and that conventional hostilities will continue after a nuclear attack on the United States. The OEP, with the cooperation of the JCS and the Department of Defense, is now assembling improved data from which new evaluations, to be designated HAZARD-70, can be prepared. These will be available sometime in 1966, and should be used to revise the results of the present studies. With regard to assumptions concerning follow-on attacks; the form, likelihood, and scale of continuing conventional hostilities; and what should constitute an acceptable "risk-level," the Committee recommends that the OEP and the

Department of Defense jointly examine these issues and bring appropriate policy questions to the Executive Stockpile Committee for review.

Recommendation

In the light of these considerations, the Committee concludes that it would be premature to establish formal nuclear stockpile objectives. The Committee has no absolute basis for denying that a nuclear stockpile may be needed (or even that current studies will in fact generate objectives higher than those for the conventional war stockpile). However, the Committee does not judge that an adequate case can be made at this time for the formal establishment of separate nuclear war stockpile objectives. It does not appear that postponing establishment of formal nuclear war objectives until planning assumptions and analytic procedures are improved will entail a great degree of risk. On the basis of preliminary data from the current studies, the OEP does not anticipate that for many items nuclear stockpile requirements will be significantly higher than existing objectives. On the other hand, the risks of setting formal objectives on the basis of the present timetable are the difficulty of subsequently renouncing the objectives should later analyses show these to be excessive and the

possible loss of receipts from the sale of materials which otherwise would have been excess.

We therefore recommend that the OEP supply-requirements studies should continue--and that they be revised to reflect HAZARD-70 when available--but that the results of the current study be regarded as tentative and unofficial and announcement of any higher objectives generated by that study be withheld pending further review by the Executive Stockpile Committee.

THE CONVENTIONAL WAR STOCKPILE

The Existing Stockpile

Present stockpile objectives are based on the determination of supply-requirement deficits in a conventional war situation. Some of the more important of the currently used assumptions are:

1. The stockpile shall be adequate for the conduct of a three-year war. It appears that this assumption requires materials sufficient to support production for three years, regardless of the levels of end items on hand prior to the outbreak of hostilities which would support combat consumption for a significant portion of the hypothetical three-year period.

2. For purposes of establishing ceilings, per capita civilian consumption is assumed (May 8, 1963, guidelines) to decline for durable goods (by 21% over the three year period), although per capita expenditures for non-durables and for services are assumed to increase steadily over prewar levels.

3. No reliance shall be placed on imports from foreign sources of supply beyond North America and comparably accessible sources (Mexico and the Caribbean) during an emergency. However, for exports, it is assumed that materials will be exported to the extent that a country is normally dependent upon the U. S.

4. Accessible foreign sources of supply shall be discounted to reflect internal risks and risks of concentration in supply

countries. Domestic supplies shall be discounted to reflect vulnerability to sabotage.

The OEP directs the conduct of supply-requirements studies and stockpile objectives with the assistance of the Interdepartmental Materials Advisory Committee (IMAC). In preparing the individual studies, requirements are divided into three categories: Military requirements for materials based on military production schedules (estimated by Defense); defense-supporting and essential civilian requirements (estimated by OEP and the Business and Defense Services Administration on the basis of GNP projections and historical experience); and exports (estimated by the Department of Commerce and/or the Department of State on the basis of historical usage). At the same time, supply data are estimated by the Departments of Agriculture, Commerce, and Interior. These sets of data are submitted to commodity committees (chaired by OEP specialists) who review the data, factor supply estimates to reflect various risks, and prepare basic data sheets for IMAC review. Guidance on risk factoring is prepared by DOD (accessibility of foreign sources and ocean shipping losses) and the Department of State (dependability of supply countries on the basis of economic and political factors). The IMAC review results in approval or disapproval of the supply-requirements data and leads to the setting of stockpile objectives by the OEP Director.

The status of selected items in the national stockpile as of last June 30 is shown in table 1. As noted previously, the objectives represent those determined for conventional war as a result of studies completed in 1964. The large excesses shown result primarily from action taken in 1958 to lower objectives from a 5-year to 3-year emergency period assumption.

Inventories of Selected Strategic Materials and Market Value
June 30, 1965

Commodity and quantitative unit	Stockpile objective		Excess to objective	
	Units (000)	Dollars (millions)	Units (000)	Dollars (millions)
Aluminum: short ton.....	450	220.5	1,443	707.2
Chromite metallurgical: short dry ton.....	2,970	145.5	2,324	173.9
Copper: short ton.....	775	560.4	227	163.6
Lead: short ton.....	0	0	1,309	418.8
Nickel: short ton.....	50	75.0	161	241.0
Rubber: long ton.....	130	74.8	662	380.8
Tin: long ton.....	200	801.9	92	367.8
Tungsten: pound.....	44,000	113.3	116,122	296.1
Zinc: short ton.....	0	0	1,416	410.8
Subtotal.....	-	1,991.4	-	3,160.0
Other materials--stockpile grade.....	-	1,821.2	-	960.8
Other materials--nonstockpile grade and without objectives	-	-	-	218.4
Total market value of inventories	-	3,812.6	-	4,339.3
Materials on order (principally barter).....	-	.6	-	38.6

Issues and Discussion

The Committee has satisfied itself that several of the basic assumptions underlying the conventional war stockpile objectives are too cautious and result in a substantial overstatement of objectives.

1. The three-year war assumption.--This assumption is not fully consistent with contemporary military planning. The Department of Defense has explicitly rejected a long World War II style of war as a model for planning purposes. For example, in announcing the proposed realignment of Army reserve forces earlier this year, the Secretary of Defense indicated that "Our analyses of the various kinds of limited war situations we are likely to face over the balance of this decade indicate a requirement for an Army force of about 22 divisions, plus two special purpose divisions specifically tailored for use within the Western Hemisphere. Sixteen divisions are provided in the active army. The other eight divisions (including the two special purpose divisions) plus all of the units needed to round out the 24-division force, can and should be provided within the Army reserve component structure and all of the resources and efforts devoted to the reserves should be directed to raising their combat readiness to the required level. The existing reserve component structure still devotes considerable resources to units for which there is no requirement in our contingency war plans, namely, the 21 divisions and various non-divisional units in the "low priority category." The Department

has also recently adjusted the level of support to six months across the board for all services except for ammunition for Army non-NATO forces, which remains on a D to P basis. It should be noted in determining military requirements that our European allies presently maintain only a limited capability for sustained combat (10 to 60 days of combat consumption).

We have made the reasons for rejecting the notion of a long conventional war clear in our internal planning and in discussions with our allies. In the critical European area, both sides possess enormous nuclear capabilities. Because an attack on Western Europe would constitute such a grave peril, we would be obliged to apply whatever force was needed to counter it. With stakes so high, the likelihood of a large-scale Soviet invasion there is remote and, if it happens, the probability of the conflict continuing at a sustained high level of intensity without escalating into a nuclear conflict is similarly remote. Conventional war conflicts in other parts of the world are more likely, but, because the forces of potential aggressors other than the Soviet Union are smaller and less effective, the probability of a single conflict or several simultaneous limited wars collectively approaching the World War II scale is even less likely than in Europe. On the basis of its studies of a representative group of limited war situations in areas outside of Europe, including simultaneous conflicts in two different areas, the Department foresees no probable instance in

which it would have a requirement for more than the presently programmed force.

Current Defense logistic support guidance is both a reflection and a determinant of the low likelihood of a drawn-out conventional war of large scale. For the Army, current logistics guidance for combat equipment is generally D plus 6 months for 22 divisions; for ammunition, the objective is D plus 6 months for the 8 divisions in or reserved for Europe and D to P (from the outbreak of hostilities to the point where production catches up to consumption) only for the 14 divisions. Prior Army guidance provided stocks equivalent to D to P for all war reserves for a 16 division force. The Marine Corps is subject to a D plus 6 months objective, as are the Air Force and the Navy with regard to ordnance and other related consumables.

Our European allies are, on the whole, not stocked to support even 30 days of combat consumption and their budget plans through 1970 indicate no intention to improve this status, despite several years of U. S. pressure on them to bolster their war reserves. Our non-European allies are even less able to support sustained combat operations. Further, the U. S. has not proposed to build up such reserves for these allies. (We would, of course, honor our commitments to MAP recipient countries in the event of hostilities involving them.)

Finally, the Committee notes that the three-year assumption appears to equate the supply of finished goods with the availability of raw materials. A stockpile designed to provide materials for three years of production would generate finished products up to one year after hostilities have ceased due to the lag in conversion of raw materials into end items. In effect, therefore, current stockpile objectives would provide production support for up to a four-year war.

2. Accessibility of foreign sources of supply.--Department of Defense judgment on the accessibility of foreign sources of supply in conventional war situations has been approved in the OEP-issued "Guidance for Non-Military Planning," which states that "In the event of direct hostilities between the U. S. and the Soviet Bloc, material resources from all nations except Eurasian Communist states, the northern tier of the middle East (Iran, Iraq, and Afganistan), and Southeast Asia would probably be accessible." However, present stockpile goods have been set on the assumption that overseas supply would be restricted generally to the Caribbean area, Mexico, and Canada.

In view of present and prospective ASW forces, Secretary McNamara has states "... we now believe that our ASW forces may be large and capable enough to ensure the resupply of our forces even during simultaneous conflicts in Europe and in the Far East."

Defense believes that a heavy toll of Soviet submarine forces would be taken in the very early stages of general conventional war. So long as this posture is maintained, the Committee endorses the OEP-issued "Guidance" document which assumes the availability of supplies from most of the Free World. We also believe that assumptions regarding continued exports by U. S. during hostilities and imports during such periods should be consistent with each other.

Recommendations

It is the opinion of the Committee that the foregoing factors have led to the establishment of too high conventional war stockpile objectives. Therefore, the Committee makes the following recommendations:

1. The conventional war stockpile should be designed basically to provide production support for no more than the approved Defense force structure for no more than a period of two years.--The DOD guidance to OEP, assuming a commitment of 22 divisions fully engaged by D + 6 months, should continue to be the force level basis used in requirements planning and determination. However, military support should be limited to production for a two-year period, both in recognition of the lag in conversion of raw materials into end items and of the low probability that a long conventional war would occur. Even in this case, end items would continue to roll off assembly lines if needed for up to the end of the third year of hostilities.

2. Supply availability factoring should be broadened.--Accessibility assumptions contained in "Guidance for Non-Military Planning" as well as assumptions concerned with the probable low level of transit losses should be followed closely.

3. The Office of Emergency Planning should estimate new tentative stockpile objectives in accordance with the above recommendations.--These tentative objectives will be provided by December 15, 1965, for review by the Executive Stockpile Committee. The OEP should include with the tentative objectives a summation of all other significant assumptions used in their preparation (e.g., transit loss assumptions, export levels during wartime, etc.).

Pending the review of these materials by the Committee, present conventional war stockpile objectives will remain in force and will be considered the approved stockpile objectives.

NATIONAL SECURITY COUNCIL

November 30, 1965

NOTE FOR MR. BUNDY

I have given a copy of this memo to Harry Rowen and I have attached a copy herewith for Califano if you wish to give it to him.

CEJohnson

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~ November 30, 1965

MEMORANDUM FOR MR. BUNDY

SUBJECT: December 1 meeting with Governor Ellington on Stockpile

Harry Rowen filled me in on the meeting Charlie Schultze and Joe Califano had with the President at the Ranch on Saturday. He confirmed the word you had received that the President was willing to proceed as rapidly as possible and Harry had the impression that the President considered the entire stockpile concept as basically rather outmoded.

The President would like to proceed immediately with the disposal of those commodities (platinum and mercury, for example) that are in short supply and could be disposed of at a good price.

In view of the several important elements that are involved, Harry and I suggest that Charlie Schultze and Joe Califano join you and Governor Ellington to discuss the following:

(1) The kind of an up-to-date letter that either Charlie or you will obtain from Secretary McNamara stating his view (with the endorsement of the Joint Chiefs) that there is no longer a need for basing stockpile objectives on the unavailability of imports and further that a two-year rather than a three-year cycle is completely adequate for planning conventional war stockpile objectives. The effect of these two changes will be to practically wipe out the stockpile objectives. In fact, the change in the planning assumption on imports would practically accomplish this by itself. Harry is confident that this letter can be obtained without any difficulty.

(2) The need, if any, for a meeting of the NSAM 321 Special Committee in order to get agreement on the recommendations embodied in the draft NSAM attached herewith. In lieu of the meeting, it might be possible to send copies of the report and NSAM to members of the Committee with a request for their comments and concurrence as a matter of priority. The NSAM is needed to put the bee on OEP to proceed immediately to recalculate all of the new objectives on the basis of guidance contained in the NSAM.

~~CONFIDENTIAL~~

(3) The legislative package and procedure required. There has been talk of a "single bill" to be used to obtain Congressional concurrence. Presumably this would be a packaging of all of the disposal actions that the President would be recommending to the Congress. Hitherto such recommendations have been in the form of single bills.

For your information, Ellington, under a delegation of authority from the President (EO 11051), could designate the materials which are strategic and critical and establish the quality and quantity of each material that shall be stockpiled. The stockpile objectives were last established by the Director in 1963-64 and are normally reviewed and revised annually as necessary. If an objective is reduced so that materials in the stockpile become excess to the stockpile objective, the excess may be sold only after the Congress has approved of such sale if the material is in the National or Supplemental Stockpile. If it is in the so-called Defense Production Act Stockpile, OEP can sell it without Congressional OK -- if they can find buyers -- This is largely stuff that's harder to sell.

It might be useful to scan the latest OEP Stockpile Report to the Congress. I have marked in red certain sections that are particularly pertinent.

Charles E. Johnson

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OFFICE OF
EMERGENCY
PLANNING

EXECUTIVE OFFICE OF THE PRESIDENT

STOCKPILE REPORT

TO THE CONGRESS

JANUARY - JUNE 1965

96

STOCKPILE REPORT
to the Congress

JANUARY - JUNE 1965

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON, D. C. 20504

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON 25, D.C. 20504

OFFICE OF THE DIRECTOR

October 25, 1965

Honorable Hubert H. Humphrey
President of the Senate

Honorable John W. McCormack
Speaker of the House of Representatives

Sirs:

Pursuant to Section 4 of the Strategic and Critical Materials Stock Piling Act, Public Law 520, 79th Congress, there is presented herewith the semiannual report to the Congress on the strategic and critical materials stockpiling program for the period January 1 to June 30, 1965.

A statistical supplement to this report was transmitted to you on September 14, 1965.

Sincerely,

Buford Ellington
Director

Contents

Summary

This report covers the principal activities in stockpile planning and management during the period January 1 through June 30, 1965, under the provisions of Public Law 520 (79th Congress), the Strategic and Critical Materials Stock Piling Act.

OEP established, for the first time, a stockpile objective for silver of 165 million fine troy ounces. The new objective was a result of recent studies by OEP, in consultation with interested agencies, which showed that available supplies of silver would fall short of essential needs in an emergency.

Progress has continued on the Supply-Requirements Study for Nuclear War and Reconstruction, which will provide an estimated model of the postattack economy from which stockpile objectives can be established to meet the needs of such a situation.

Strategic materials held in all Government inventories on June 30, 1965, amounted to $8.2 billion at acquisition cost and $8.2 billion at estimated market value. Of this amount, the National Stockpile inventory of specification grade materials for which there are stockpile objectives totaled approximately $5.3 billion at cost and $5.8 billion at estimated market price. The total market value of specification grade materials in all Government inventories amounted to approximately $7.9 billion. Comparison of the estimated market value of the objectives established with the extent to which materials on hand and on order in all Government inventories meet these objectives is shown in Chart 1.

Cumulative sales commitments by the General Services Administration for the disposal of surplus materials as of June 30, 1965, totaled over $1.1 billion at sales value. Disposals of strategic materials during January-June 1965 amounted to $222.4 million. This set a new record high for disposal sales and exceeded disposals in any previous full fiscal year. The July-December 1964 disposal sales reached a previous high of approximately $201.1 million, making a record total from the National and Supplemental Stockpiles and the DPA inventory of $423.5 million for FY 1965. This does not include approximately $9 million in sales of mercury declared surplus by the Atomic Energy Commission and sold by GSA under the provisions of the Federal Property and Administrative Services Act of 1949, as amended.

Introduction

SUPPLY-REQUIREMENTS STUDIES—CONVENTIONAL WAR

During January-June 1965, based on supply-requirements studies for conventional war, OEP added one material—silver—to the List of Strategic and Critical Materials for Stockpiling and revised the conventional war stockpile objectives for abaca and sisal cordage fibers.

Silver.—OEP has conducted annual supply-requirements analyses of silver since 1962. Prior to FY 1965, these supply-requirements studies showed no potential deficiency in meeting military and essential industrial needs for silver during a conventional war emergency. It was believed that the sizeable stocks of silver in the Treasury reserve could be safely relied on to meet any unforeseen military and industrial needs, as well as coinage requirements. This is no longer true because of sizeable sales of silver by the Treasury. Industry has increased its purchases from the Treasury since new supplies of silver in recent years have failed to satisfy peacetime requirements and the metal is finding increased and more varied uses throughout industry. Industrial and military applications of silver have grown substantially and now exceed the level of use for silverware and jewelry. Silver has many properties which make it particularly useful for industrial products. For example, it is an excellent conductor of heat and electricity, resists corrosion, and is readily reshaped and molded. Silver is used principally in the manufacture of photographic film and sensitized paper; in brazing alloys and solders for jet aircraft, space vehicles, automobiles, and a number of other durable goods, in a variety of electrical equipment, and in electroplating. Other civilian and military items in which silver is used are silver-zinc batteries, dental and surgical equipment and plates, and in mirrors. More recently silver has played an important role in the U.S. missile program. Nozzle throats exposed to the searing heat of fast-burning fuel are now protected by tungsten rings impregnated with silver.

The 1965 supply-requirements study of silver indicated that emergency military and essential industrial requirements had increased to a greater extent than the normal availability of silver and that the potential deficiency of the metal in an emergency would be sizeable and substantially greater than previous studies had indicated. In the meantime, the drain on the Treasury reserve had grown. The deficiency was sufficiently large to indicate that the establishment of a stockpile objective was the only reasonable way to insure the availability of silver to meet essential military and industrial needs in a wartime emergency.

In June 1965, OEP designated silver as a strategic and critical material and established, for the first time, a new stockpile objective of 165 million fine troy ounces of silver to cover these needs for a conventional war emergency. A portion of the Treasury stocks will be held aside to meet this objective.

Cordage Fibers—Abaca and Sisal.—OEP also prepared new basic data and established revised stockpile objectives for abaca and sisal during the reporting period. The revised objective for abaca was set at 50 million pounds, while the objective for sisal was established at 200 million pounds, with both materials showing a decrease from the previous objectives. The decrease in objectives for the two fibers was due to to the increased use of adequate synthetics and declining military requirements.

Ocean Transportation.—OEP provided the Office of Emergency Transportation in the Department of Commerce guidance on the relative priorities for the maritime movement of bulk commodities during a conventional war. These priorities were developed with the assistance of the Departments of State, the Interior, Agriculture, and Commerce, and will be used in the preparation of peacetime maritime programs and in planning for the control and allocation of shipping in a conventional war. As of the end of June 1965, a revision of the 1963 conventional war study was being initiated.

SUPPLY-REQUIREMENTS STUDIES—NUCLEAR WAR AND RECONSTRUCTION

Although considerable progress was made on the supply-requirements study for nuclear war and reconstruction, the original target date for completion of this study was not met. It was discovered that, for meaningful results, analyses would have to be conducted to a greater depth than originally contemplated. With the cooperation of the Office of Business Economics, Department of Commerce, a major portion of the data necessary for these analyses has been obtained from the unpublished data and information accumulated by that office in preparing its 1958 Interindustry Relations Study. The results of this study were published in November 1964, and include, for the first time in the United States, official sets of interindustry (input-output) tables which are integrated into the U.S. system of national accounts. These tables will be used in the final stages of the supply-requirements study.

Some difficulties were encountered by the Department of Defense in developing estimates of potential postattack military needs but by the end of the reporting period, unofficial estimates had been prepared for almost all resources.

Because of the numerous computations required for the study and the complex interrelationships involved in the use of input-output theories, a small computer was rented in April 1965 to expedite these analyses.

Summary of Government Inventories of Strategic and Critical Materials

As of June 30, 1965, the strategic materials held in all Government inventories amounted to $8.2 billion at acquisition cost and $8.2 billion at estimated market value. Of this total, $5.4 billion at cost was in the National Stockpile, $1.4 billion in the Supplemental Stockpile, $1.4 billion in the Defense Production Act inventory, and $10.1 million in the Commodity Credit Corporation inventory. Of the total materials in Government inventories, $4.8 billion at cost and $4.3 billion at estimated market value are considered to be in excess of conventional war stockpile objectives. Over 81 percent of the market value of the total excess is made up of 13 materials consisting of aluminum, metallurgical grade chromite, cobalt, copper, industrial diamond stones, lead, metallurgical grade manganese, nickel, quartz crystals, rubber, tin, tungsten, and zinc.

The following table is a summary of the value of all materials carried in each of the Government inventories, including those with quantities in excess of stockpile objectives for conventional war. It indicates the acquisition cost and estimated market value of materials (1) having stockpile objectives and meeting stockpile specifications, (2) having stockpile objectives but not meeting stockpile specifications, and (3) not having stockpile objectives.

Summary of Government Inventories of Strategic and Critical Materials, June 30, 1965

(Stockpile objective: Market value, $4,071,236,900)

	Total inventory		Excess to stockpile objectives	
	Acquisition cost	Market value[1]	Acquisition cost	Market value[1]
A. Inventories having stockpile objectives:				
(1) Meeting stockpile specifications:				
National Stockpile	$5,274,173,700	$5,835,620,400	$2,469,632,400	$2,519,055,500
Supplemental Stockpile	1,357,630,900	1,287,993,700	857,009,100	825,130,300
Defense Production Act	1,134,659,000	801,030,000	1,031,588,800	768,197,100
Commodity Credit Corporation	8,883,000	8,762,000	8,647,500	8,446,600
Total	7,775,346,600	7,933,406,100	4,366,877,800	4,120,829,500
(2) Not meeting stockpile specifications:				
National Stockpile	101,261,700	67,405,500	101,261,700	67,405,500
Supplemental Stockpile	9,135,400	3,542,100	9,135,400	3,542,100
Defense Production Act	241,336,900	98,981,700	241,336,900	98,981,700
Commodity Credit Corporation	687,900	688,000	687,900	688,000
Total	352,421,900	170,617,300	352,421,900	170,617,300
B. Inventories not having stockpile objectives:				
National Stockpile	19,155,100	16,663,800	19,155,100	16,663,800
Supplemental Stockpile	29,735,300	28,630,900	29,735,300	28,630,900
Defense Production Act	3,901,300	1,966,000	3,901,300	1,966,000
Commodity Credit Corporation	561,400	563,000	561,400	563,000
Total	53,353,100	47,823,700	53,353,100	47,823,700
C. Summary:				
National Stockpile	5,394,590,500	5,919,689,700	2,590,049,200	2,603,124,800
Supplemental Stockpile	1,396,501,600	1,320,166,700	895,879,800	857,303,300
Defense Production Act	1,379,897,200	901,977,700	1,276,827,000	869,144,800
Commodity Credit Corporation	10,132,300	10,013,000	9,896,800	9,697,600
Total inventory	8,181,121,600	8,151,847,100	4,772,652,800	4,339,270,500

[1]Market values are computed from prices at which similar materials are being traded currently; or, in the absence of current trading, an estimate of the price which would prevail in commercial markets. The market values are generally unadjusted for normal premiums and discounts relating to contained qualities, so that market values are understated for materials such as metal grade bauxite to the extent that the inventories are of premium quality. The market values do not necessarily reflect the amount that would be realized at time of sale.

Source: General Services Administration.

STATUS OF STOCKPILE OBJECTIVES

As of June 30, 1965, materials of stockpile grade held in the National Stockpile approximately equaled or exceeded the objective for 45 of the 77 materials on the List of Strategic and Critical Materials for Stockpiling. The inclusion of other Government inventories would increase the number of objectives approximately equaled or exceeded to 63.

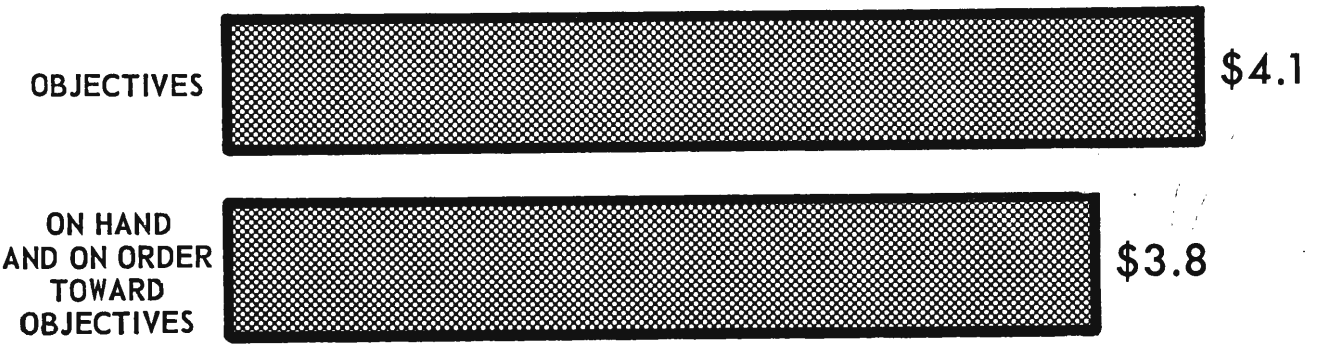
The chart below shows the estimated market value of the objectives established and the extent to which materials on hand and on order in all Government inventories (National Stockpile, Supplemental Stockpile, DPA, and CCC) meet these objectives. The figures do not include the quantities of materials in all Government inventories which are in excess of stockpile objectives ($4.1 billion), materials for which there are no stockpile objectives ($47.8 million), and materials not meeting stockpile specifications ($170.6 million). A similar chart, shown in the previous report, included only materials on hand in the National Stockpile.

STATUS OF STOCKPILE OBJECTIVES

AS OF JUNE 30, 1965

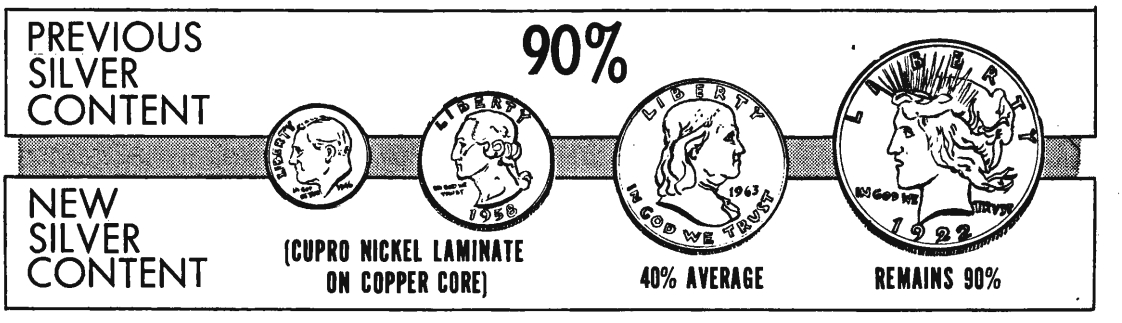
(In Billions of Dollars)

MARKET VALUE



OBJECTIVE FOR SILVER ESTABLISHED

In June 1965, a stockpile objective of 165 million fine troy ounces was established for silver to meet industrial and military needs in time of emergency. Additional steps to conserve the Government's inventory of silver are being taken by the Treasury Department.



New Coins Will Contain Less Silver

The materials on the List of Strategic and Critical Materials for Stockpiling are shown in the following table. Achievement of stockpile objectives for conventional war is shown when quantities of materials on hand in Government inventories are sufficient to complete the stockpile objectives. Footnotes indicate the extent to which materials in the Government inventories are required to meet these objectives. Also footnoted are those materials for which upgrading subobjectives as of June 30, 1965, had not been achieved.

Status of Stockpile Objectives, Strategic and Critical Materials on Hand in Government Inventories (Specification Grade)

June 30, 1965

Materials	Inventory equals or exceeds objective	
Aluminum		x
Aluminum oxide, fused, crude		x
Antimony		x
Asbestos, amosite	(1)	
Asbestos, chrysotile		--
Bauxite, metal grade, Jamaica type	(1)	
Bauxite, metal grade, Surinam type	(1)	
Bauxite, refractory grade		x
Beryl	(1)	
Bismuth	(1)	
Cadmium		x
Castor oil		x
Celestite	(1)	
Chromite, chemical grade	(1)	
Chromite, metallurgical grade		x
Chromite, refractory grade		--
Cobalt		x
Columbium	(2)	x
Copper	(2)	x
Cordage fibers, abaca		x
Cordage fibers, sisal		x
Corundum		--
Diamond dies, small		--
Diamond, industrial: Crushing bort		x
Diamond, industrial: Stones	(1)	
Feathers and Down, waterfowl		x
Fluorspar, acid grade	(1)	
Fluorspar, metallurgical grade	(1)	
Graphite, natural--Ceylon, amorphous lump	(1)	
Graphite, natural--Malagasy, crystalline		x
Graphite, natural--Other than Ceylon and Malagasy, crystalline		x
Iodine		--
Jewel Bearings		--
Kyanite-Mullite		x
Lead		x
Magnesium		x
Manganese, battery grade, natural ore		x
Manganese, battery grade, synthetic dioxide		x
Manganese, chemical grade, type A ore	(1)	
Manganese, chemical grade, type B ore	(1)	
Manganese, metallurgical grade	(1)	(2)
Mercury	(1)	
Mica, muscovite block, stained and better		x
Mica, muscovite film, first and second qualities		--
Mica, muscovite splittings		x
Mica, phlogopite block		x
Mica, phlogopite splittings		x
Molybdenum	(2)	x
Nickel		x
Opium	(2)	x
Platinum group metals, iridium		--
Platinum group metals, palladium		--
Platinum group metals, platinum		x
Pyrethrum		x
Quartz crystals		x
Quinidine		--
Quinine		x
Rare earths		x
Rubber, crude, natural		x
Rutile		--
Sapphire and ruby		--
Selenium		--
Shellac		x
Silicon carbide, crude		x
Silver	(1)	
Sperm oil		x
Talc, steatite, block and lump		x
Tantalum		--
Thorium	(1)	
Tin		x
Titanium	(1)	
Tungsten	(2)	x
Vanadium	(2)	x
Vegetable tannin extract, chestnut		x
Vegetable tannin extract, quebracho		x
Vegetable tannin extract, wattle		x
Zinc		x

xInventory in the National Stockpile equals or exceeds objective.

--Inventory deficit.

[1]Sufficient quantities are on hand in total Government-owned inventories to complete the objectives.

[2]Although total quantities of basic and upgraded forms are equal to the overall objective, the upgrading of the basic material to more readily usable forms for prompt emergency use has not been completed.

OTHER MATERIALS IN GOVERNMENT INVENTORIES

In addition to inventories of specification grade materials, Government inventories contain nonspecification grades which are not credited to stockpile objectives, materials that have been removed from the stockpile list, and others for which there are no stockpile objectives. Quantities on hand of nonspecification grades of materials and materials with no stockpile objectives as of June 30, 1965, are indicated in the following tables.

Most of the nonspecification grade materials in the National Stockpile were acquired by the transfer of Government-owned surpluses to the stockpile after World War II while others were accepted as contract termination inventories. Several were of specification grade when acquired but no longer qualify due to changes in industry practices and other technological advances. Disposal action for many of the items shown in the following tables has been authorized by OEP, while others are under disposal consideration. Inventory changes during the reporting period were due primarily to disposals, or to reclassification and other adjustments of the inventories.

*Nonspecification Grades of Materials in All Government Inventories Not Credited to Stockpile Objectives**

As of June 30, 1965

Material	Unit	Inventory			Total inventory
		National	Supplemental and CCC	DPA	
Aluminum	ST	1,787		5,331	7,118
Asbestos, chrysotile	ST		4,513	2,348	6,861
Beryl	ST			456	456
Bismuth	Lb.	36,580			36,580
Celestite	SDT	29,017			29,017
Chromite, chemical grade	SDT		60		60
Chromite, metallurgical grade	SDT	59,454	3,280	985,114	1,047,848
Cobalt	Lb.			6,210,735	6,210,735
Columbium	Lb.	1,317,737	31,979	76,153	1,425,869
Diamond dies, small	Pc.	8,342			8,342
Fluorspar, acid grade	SDT	4,960	4,548	2,383	11,891
Graphite, other than Ceylon and Malagasy, crystalline	ST	672			672
Jewel bearings	Pc.	14,715,973			14,715,973
Manganese, battery grade, natural ore	SDT		4,574		4,574
Manganese, metallurgical grade	SDT	631,692	8,279	1,030,047	1,670,018
Mercury	Fl.	9			9
Mica, muscovite block, stained and better	Lb.	346,243	135,192	3,785,965	4,267,400
Mica, muscovite film, 1st and 2d quality	Lb.	27,757			27,757
Mica, phlogopite block	Lb.	205,638			205,638
Opium, alkaloid and salts	Lb.	2,166			2,166
Platinum group metals, platinum	Tr.Oz.	33			33
Quartz crystals	Lb.	621,709			621,709
Silicon carbide, crude	ST		57		57
Talc, steatite, block and lump	ST	20			20
Tantalum	Lb.	1,485,574	7,997	65,215	1,558,786
Tungsten	Lb.	16,275,224	1,295,481	25,260,597	42,831,302

*Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

*Materials in All Government Inventories for Which There Are No Stockpile Objectives**

As of June 30, 1965

Material	Unit	Inventory			Total inventory
		National	Supplemental and CCC	DPA	
Aluminum oxide, abrasive grain	SDT		50,905		50,905
Asbestos, crocidolite	ST	1,567	43,830		45,397
Coconut oil	Lb.	6,517,409			6,517,409
Colemanite	LDT		67,636		67,636
Cryolite	ST			11,608	11,608
Diamond dies, other than small	Pc.	34			34
Diamond tools	Pc.	64,178			64,178
Hyoscine	Oz.	2,108			2,108
Mica, muscovite block, stained B and lower	Lb.	4,320,402			4,320,402
Mica, muscovite film, 3d quality	Lb.	500,029			500,029
Palm oil	Lb.	3,697,425			3,697,425
Platinum group metals, rhodium	Tr.Oz.	618			618
Platinum group metals, ruthenium	Tr.Oz.		15,001		15,001
Rare earths residue	Lb.			6,048,619	6,048,619
Silk noils	Lb.	969,479			969,479
Silk, raw	Lb.	113,515			113,515
Silk waste	Lb.	10,445			10,445
Talc, steatite ground	ST	3,901			3,901
Thorium residue	Lb.			848,354	848,354
Zirconium ore, baddeleyite	SDT	16,514			16,514
Zirconium ore, zircon	SDT	1,920			1,920

*Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

National Stockpile Activities

PROCUREMENT AND UPGRADING

The OEP Strategic Stockpile Procurement Directive for FY 1965, issued in July 1964, provided for the cash purchase of only one material, jewel bearings. In addition, the Directive provided for the stockpile acquisition through barter of 10 materials—refractory grade chromite, oxygen free copper, corundum, iodine, low carbon ferromanganese, medium carbon ferromanganese, silicomanganese, palladium, quinidine, and selenium. The Directive also provided for the upgrading of certain materials in the stockpile to columbium metal, ferrocolumbium, ferromolybdenum, morphine sulphate, capacitor grade tantalum, ferrotungsten, crystalline tungsten carbide, hydrogen reduced tungsten powder, and ferrovanadium.

The FY 1965 Stockpile Procurement Directive did not originally include platinum-iridium, because of the tight market, nor rutile, because a determination had not been made whether or not to credit titanium to offset the rutile objective-deficit. In March 1965, an amendment to the Procurement Directive authorized the acquisition of platinum-iridium by barter over a three-year period. It also added rutile to the barter list since crediting titanium to the rutile objective would mean excessive capitalization of that account. In May, the attempt to obtain OFHC type copper by barter was abandoned because of the tight world copper market and, by amendment to the FY 1965 Procurement Directive, the General Services Administration was authorized to continue acquisition of this form of copper by the upgrading of other forms of copper in inventory, with payment for the upgrading to be made by the use of materials authorized for disposal.

No new barter contracts for strategic materials were negotiated by the Commodity Credit Corporation during the report period.

During January-June 1965, the General Services Administration acquired jewel bearings for the stockpile, in accordance with the FY 1965 Stockpile Procurement Directive, under a contract with the Bulova Watch Company. GSA also awarded a construction contract for modernization and expansion of the Government-owned jewel bearings plant at Turtle Mountain, Rolla, North Dakota, for

a cost of $338,000. The plant is operated by the Bulova Watch Company under a lease and stockpile contract with the Government.

Eleven contracts were executed with Swiss manufacturers for production machinery to provide for plant modernization and expansion of the Rolla facility. The machinery will cost approximately $360,000, and delivery is expected to be completed in 1966. The types of equipment required to modernize the production facility and to meet mobilization production requirements were determined by a technical review group. This group, consisting of two representatives from GSA and one consultant from the Department of Defense, had previously visited jewel bearing equipment manufacturing facilities in Switzerland.

GSA also negotiated five contracts for upgrading materials, all of which provided for payment of the conversion and transportation costs involved with excess stockpile materials.

Ferromolybdenum—Conversion of Government-furnished molybdenite concentrates to 3,475,000 pounds of molybdenum contained in Grade B ferromolybdenum. GSA will pay for such upgrading services with excess stockpile ferronickel.

Ferrovanadium—Conversion of Government-furnished vanadium pentoxide to 400,000 pounds of vanadium contained in ferrovanadium of three grades. GSA will pay for these services with excess stockpile tin.

Ferrocolumbium—Conversion of Government-furnished columbite concentrates to 360,000 pounds of columbium contained in ferrocolumbium. GSA will make payment with excess stockpile tin and tungsten (50% each).

Ferrotungsten—Conversion of Government-furnished tungsten concentrates to 148,300 pounds of tungsten contained in ferrotungsten. GSA will pay for services with excess stockpile tin.

OFHC Copper—A new contract for the conversion of 8,000 additional short tons of cathode copper to oxygen free, high conductivity copper was executed by GSA. Payment will be made in electrolytic nickel cathode from the Defense Production Act inventory.

DISPOSAL PROGRAM ACTIVITIES

During January through June 30, 1965, the Interdepartmental Disposal Committee, established by the Director of OEP in 1963 in accordance with recommendations set forth in the Executive Stockpile Committee's Report which the President approved on January 30, 1963, continued its activity with respect to long-range programming for the disposal of surplus materials in Government inventories. This Committee, chaired by OEP and composed of representatives from 12 Federal departments and agencies having primary interest in stockpile matters, reviews all aspects of any proposed disposal program and makes recommendations to the Director. The work of the Committee is supplemented by a subcommittee, chaired by GSA, whose responsibility it is to study and determine the scope of each program as to quantity, rate of sales, and other factors that must be resolved to insure that the interests of producers, processors, consumers, and foreign governments, as well as those of the Government, are carefully considered. During the program development stage, appropriate consultations are held with industry and foreign governments to obtain their views and the benefit of their advice.

During the reporting period, the Director of OEP gave final approval on nine long-range disposal programs—two for the release of materials from the DPA inventory (subspecification metallurgical grade manganese and tungsten), and seven for the release of materials from the National and Supplemental Stockpiles, subject to Congressional approval. These are colemanite, chemical chromite, quartz crystals, talc, and vegetable tannins consisting of chestnut, quebracho, and wattle.

During this same period, the full Committee and the subcommittee completed disposal recommendations for five more long-range disposal programs, all of which were acted upon favorably by the Director with instructions to GSA to develop tentative plans as a basis for consultations with responsible agencies and other interested parties.

As of June 30, 1965, 51 long-range disposal programs (52 considering nickel as two programs—Part I for DPA nickel, which does not require Congressional approval, and Part II for National Stockpile nickel which requires Congressional approval) have been considered since the inception of the Committee. The following gives the present status of these programs:

Program status		Number of programs
Authorized for disposal		[1]6
Authorized by Congress	3	
Authorized by OEP (DPA materials)	[1]3	
Pending Congressional action		1
Approved by OEP for submission to Congress		10
Draft plans under discussion with industry and foreign governments		10
GSA developing draft plan		2
Disposal under consideration		4
Deferred temporarily[2]		19
Total programs		[1]52

[1]Includes DPA nickel (Part I) as a separate program. Release of DPA materials does not require Congressional approval.

[2]Disposal action temporarily deferred due to unfavorable market conditions, international situations, or pending supply-requirement studies.

In addition to approving the three long-range disposal programs indicated in the above table, the Congress enacted Public Law 89-9 on April 2,

1965, authorizing the disposal of 200,000 short tons of lead, 200,000 short tons of zinc, and 100,000 short tons of copper to aid in alleviating the domestic supply shortage of these materials.

Of the 51 long-range disposal programs that have been under consideration (52 as shown in the above table considering nickel in two parts), 47 involve materials in excess of stockpile needs and for which there are objectives. (The remaining 4 programs cover 2 materials for which there are no stockpile objectives, and 2 nonspecification materials for which there are stockpile deficits.) This leaves 30 of the 77 materials currently on the stockpile list with objectives which have not been considered for long-range programming by IDC. Of the 30 materials, 14 are in a deficit stockpile position, two are in balance, and 6 had been authorized for long-range disposal prior to establishment of the IDC and these programs are now in effect. Seven materials are temporarily deferred pending further review of supply requirements, and one (cordage fibers—sisal) is currently being disposed of on a short-term basis.

During January-June 1965, interested agencies concurred in, and OEP granted final approval for, a total of 13 disposal actions (9 long-range, one short-term, and 3 emergency releases to implement Congressional action), of which 10 involve releases from the National and Supplemental Stockpiles, and 3 from the DPA inventory. (Materials held in the National and Supplemental Stockpiles are subject to Congressional authorization.) The date of OEP approval, together with the status of these disposal actions, follow:

January 11—Colemanite (67,600 long dry tons).—This is nonobjective material obtained through barter and held in the Supplemental Stockpile. This long-range disposal program is subject to Congressional approval.

January 13—Asbestos, Chrysotile (850 short tons). This quantity of subspecification grade crude No. 3 asbestos was authorized as a short-term release from the DPA inventory. Although sales offerings have been made, there have been no responsive bids to date.

January 27—Tungsten (77,900,000 pounds).—Authorization was granted for the long-range disposal of this quantity of excess stockpile and nonstockpile grades of tungsten ores and concentrates from the DPA inventory, starting at a modest rate of 1,000,000 pounds per year. Disposal actions have been initiated.

March 11—Vegetable Tannin, Chestnut (15,000 long tons),

March 11—Vegetable Tannin, Quebracho (111,457 long tons), and

March 11—Vegetable Tannin, Wattle (23,962 long tons).—These quantities represent the amounts excess to National Stockpile requirements. Long-range disposal plans for these materials are subject to Congressional approval.

March 31—Lead (200,000 short tons), and

March 31—Zinc (200,000 short tons).—Authorization was granted for an emergency release of 200,000 short tons of each material (150,000 tons for commercial disposal and 50,000 tons for direct Government use) from the National and Supplemental Stockpiles to implement H.R. 1496 (Public Law 89-9, enacted April 2, 1965) to help alleviate the supply shortage.

April 8—Copper (100,000 short tons).—The emergency release of 100,000 short tons of copper from the National Stockpile was authorized to implement Public Law 89-9, enacted April 2, 1965, to relieve the critical shortage in supply.

April 9—Chromite, Chemical Grade (659,100 short tons).—Approximately 659,100 short tons of chemical grade chromite were authorized for release from the Supplemental Stockpile under a long-range program, subject to Congressional approval.

April 13—Manganese, Metallurgical (1,749,066 short dry tons).—The quantity represents excess metallurgical manganese in the DPA inventory. This material consists of both low-grade manganese ore located at domestic purchase depots and higher grade manganese having chemical or physical deficiencies which do not meet current stockpile purchase specifications and which are not required for blending purposes. No acceptable bids were received from the initial June 23, 1965 offering covering the low-grade ore.

April 28—Talc, Lump Steatite (1,049 short tons).—Authorization was granted for the long-range release of 1,049 short tons of lump steatite talc from the National Stockpile, subject to authorization of the Congress.

June 30—Quartz Crystals (4,800,000 pounds).—Approximately 4,800,000 pounds of quartz crystals covering the nonstockpile grade quartz crystals and the quantities excess to stockpile needs in the National and Supplemental Stockpiles were authorized for long-range release, subject to Congressional approval.

As of June 30, 1965, cumulative sales commitments of surplus materials negotiated by GSA totaled over $1.1 billion at sales value, of which $746.4 million were from the National and Supplemental Stockpiles, $390.0 million from the Defense Production Act inventory, and $10.6 million from the Federal Facilities Corporation (tin). During the January-June 1965 period, GSA sales of excess strategic and critical materials totaled approximately $222.4 million in gross sales value. This set a new record high for disposal sales and exceeded disposals in any previous full fiscal year. The July-December 1964 disposal sales reached a previous high of approximately $201.1 million, making a record total of $423.5 million for FY 1965 from the National and Supplemental Stockpiles and the DPA inventory. Of the six-months total of $222.4 million, disposals from the National Stockpile accounted for $196.9 million, and approximately $25.5 million from the DPA inventory.

Sales to industry were approximately $208.1 million, and Government-use sales amounted to $14.3 million. Total sales commitments of $222.4 million were approximately $43.1 million in excess of the acquisition cost of $179.3 million. GSA executed approximately 2,200 sales contracts covering these sales.

The following materials made up the major disposals during January-June 1965: aluminum, approximately $2.8 million; copper, $85.9 million; lead, $6.2 million; molybdenum, $6.1 million; nickel, $9.5 million; rubber, $33.4 million; tin, $52.6 million; and zinc, $23.2 million. These materials accounted for approximately 98.8% of the total disposals during the period.

A list of the materials sold is shown on the following table.

Disposal of Strategic Materials

January-June 1965

Material	Unit	Sales commitments	
		Quantity	Sales value
NATIONAL STOCKPILE INVENTORY:			
Antimony	ST	1,116	$921,289
Cadmium	Lb.	200	610
Copper	ST	87,777	71,432,055
Copper and copper base alloys	ST	165	132,052
Cordage fibers, sisal	Lb.	1,261,864	130,922
Cupro nickel ingots	Lb.	732,000	297,286
Diamond dies, industrial, large	Pc.	352	1,525
Feathers and down	Lb.	73,700	184,834
Lead	ST	19,565	6,166,455
Lead castings	Lb.	46,800	6,520
Magnesium ingots	ST	1,100	705,519
Mica, punch	Lb.	220,230	9,470
Molybdenum	Lb.	3,019,783	6,121,664
Nickel oxide powder	Lb.	1,002,091	741,669
Nickel, various forms	Lb.	66,834	53,967
Palm oil	Lb.	6,048,799	567,802
Rubber	LT	61,054	33,385,234
Shellac	Lb.	263,220	54,001
Talc, steatite, block and lump	ST	17	2,656
Tantalum (nonspec. form)	Lb.	25,664	222,716
Tin	LT	14,170	52,560,248
Zinc	ST	76,270	23,184,310
Zinc engraving plates	Lb.	221,087	33,619
Zirconium ores, baddeleyite	SDT	15	600
Total National Stockpile	...	.....	196,917,023
DEFENSE PRODUCTION ACT INVENTORY:			
Aluminum	ST	5,801	2,812,334
Copper	ST	20,650	14,020,865
Nickel	Lb.	7,739,269	5,883,401
Nickel, ferro	Lb.	3,700,428	2,789,966
Rare earth-bearing materials	SWT	19	2,750
Total DPA	...	.....	25,509,316
GRAND TOTAL	...	.....	$222,426,339

Source: General Services Administration.

Notes on Strategic and Critical Materials

January-June 1965 Activity

ALUMINUM

As of January 1, 1965, the quantity of aluminum remaining unsold under the 135,000 short tons program authorized for disposal from the DPA inventory in four equal offerings starting May 1, 1963, and ending December 31, 1964, amounted to about 34,800 short tons. Of this total, 25,000 tons represented set-asides restricted for small firms, none of which was sold. In March 1965, GSA made a final offering of the 34,800 short tons and sold only 5,801 short tons valued at $2.8 million, bringing the cumulative sales since May 1963 to 106,000 short tons, valued at $49.3 million. The 29,000 short tons remaining unsold are to be included as a part of the long-range aluminum disposal program now under consideration.

COPPER

As indicated in the previous report, OEP authorized the sale of 20,000 short tons of copper in December 1964 to help relieve the critical shortage in supply. This was sold during the reporting period at a sales value of $13.6 million. On April 2, 1965, the Congress enacted PL 89-9 authorizing the release of an additional 100,000 short tons of copper contained in brass, bronze, and miscellaneous forms, including approximately 30,000 short tons of fire-refined copper from the National Stockpile. Consumers purchasing the copper were required to file formal applications with the Department of Commerce indicating the need of the material for defense production or to avoid hardship, and that its use would be restricted to domestic consumption. Offers to buy far exceeded the quantity available for release. Sales contracts based on allocations furnished by the Department of Commerce were forwarded by GSA to about 235 companies. Sales commitments as of June 30, 1965 totaled 87,777 short tons, valued at $71.4 million.

During the reporting period, another 650 short tons of copper, valued at $448,000, were transferred from the DPA inventory to the Department of Defense for direct Government use, and sales of 366 short tons of cupro-nickel, valued at approximately $297,300, and 165 short tons of copper and copper-base alloys, valued at $132,000, were made from the National Stockpile.

Receipts of oxygen free, high conductivity copper under a previously executed conversion contract amounted to 2,079 short tons during this period. Payment for this conversion and all transportation costs involved is being made with copper from the DPA inventory. This completed delivery of OFHC copper under the FY 1964 Procurement Directive.

COLUMBIUM–TANTALUM

Deliveries of columbium and tantalum metals were completed under a contract, executed late in FY 1963, calling for upgrading columbium and tantalum bearing materials in the stockpile. Approximately 12,287 pounds of columbium metal and 32,210 pounds of tantalum metal were tendered for return to the stockpile during January-June 1965. These services were paid for with excess tungsten concentrates and ferronickel in the DPA inventory.

During the reporting period, sales of 20,300 pounds of nonspecification tantalum metal were made to industry for $190,500. In addition, 5,364 pounds were transferred to the Atomic Energy Commission for $32,200.

CORDAGE FIBERS

A total of 1,261,864 pounds of surplus sisal fiber from the National Stockpile was sold for $130,922, under the authorization of Public Law 88-617, which approved the disposal of a total of 9.5 million pounds. The proposed disposal of 47 million pounds of surplus abaca from the National Stockpile was submitted to the Congress and notice was published in the Federal Register on April 1, 1965.

FEATHERS AND DOWN

Transfers to the Department of Defense for use in military sleeping bags and medical pillows amounted to 73,700 pounds of feathers and down, with a value of $184,834.

LEAD

Of the 150,000 short tons of lead authorized for sale to industry from the National Stockpile under Public Law 89-9, enacted April 2, 1965, 19,565 short tons, valued at approximately $6.2 million, were sold.

Previously the Congress had approved the disposal of 46,800 pounds of lead castings from the National Stockpile, all of which were sold during the reporting period with a sales value of $6,520.

MOLYBDENUM

In April 1964, OEP approved, and on July 14, 1964, the Congress authorized the disposal of 11 million pounds of surplus molybdenum from the National Stockpile. The final 3 million pounds, valued at $6.1 million, were sold in February 1965, bringing to $20.1 million the total for the 11 million pounds.

NICKEL

The disposal program for nickel, approved by OEP in the latter part of 1964, is divided into two

parts. Part I consists of approximately 105 million pounds of excess nickel in the DPA inventory, and Part II consists of about 224 million pounds in the National Stockpile, which requires Congressional authority for disposal. The request for this authority has been submitted to the Congress. The initial sales plan (Part I—DPA inventory) anticipated a sales expectancy of approximately 15 million pounds the first year, starting December 1964. Total sales commitments to June 30, 1965 amounted to approximately 14 million pounds, valued at $10.5 million, since the inception of the program in December. The sales rate, starting July 1, 1965, is being increased from 15 to 25 million pounds annually, exclusive of direct Government-use.

PALM OIL

A total of 6,048,799 pounds of palm oil was sold for $567,800. On June 30, 1965, GSA offered the remainder of the palm oil in the National Stockpile, approximately 3,725,000 pounds, for sale.

RUBBER

As of January 1, 1965, there remained 102,463 long tons of rubber to be sold under the 470,000 long tons authorized for sale in 1962. During the reporting period, sales totaled 61,054 long tons, valued at $33.4 million, making the cumulative sales to date 428,591 long tons, valued at $268.6 million, leaving an unsold balance of 41,409 long tons. On December 9, 1964, OEP approved the disposal of an additional 620,000 long tons of surplus rubber from the National Stockpile, subject to Congressional approval. The Congress authorized this release on September 2, 1965, without regard to the normal six-months waiting period.

Disposal procedures have been amended from time to time with the view of increasing sales within existing statutory limitations. As a result of these revisions and the acceleration of the use of surplus rubber in connection with Government activities, total sales have steadily increased during the past three fiscal years from 69,905 long tons in 1963 to 85,834 in 1964, and 115,660 in 1965. Currently, GSA is authorized to sell 72,000 long tons per year commercially and an unlimited amount for use in connection with Government activities.

During the past year, the Agency for International Development has accelerated the use of surplus rubber in lieu of dollars to recipient countries previously acquiring rubber in foreign markets, and also in connection with the procurement of tires and tubes for such countries. The Defense Department has increased the use of Government-owned rubber in the procurement of military truck tires, retreading materials, and in the purchase of aircraft tires for the three Services. Although the use of surplus rubber for Government activities did not get under way until 1962, such programs have represented approximately 33% of total stockpile sales since that date. During the reporting period, the utilization of rubber in Government programs accounted for 20,519 long tons, with a value of approximately $10.0 million.

SHELLAC

Sales of 263,220 pounds of shellac were made from the National Stockpile for a total sales value of $54,000.

SILK

The disposal of the entire inventories of raw silk (113,500 pounds) and silk noils (969,500 pounds) was approved by the Congress on August 6, 1965. These materials were removed from the stockpile list.

TIN

Sales of tin from the National Stockpile during the reporting period amounted to 14,170 long tons, valued at $52.6 million, bringing total sales to 57,343 long tons, valued at $190.8 million, since disposals were initiated on September 12, 1962. Of the 14,170 tons sold during this period, 13,439 tons were sales to industry, 614 tons were sold in connection with AID programs, and 117 tons were utilized indirectly by the Government in payment for the upgrading of inventory materials in the National Stockpile. The 50,000 long tons disposal program authorized in 1962 was completed during this period. Current sales are being made against the 98,000 ton long-range disposal program authorized by the Congress on July 2, 1964. A sales expectancy for the 12 months period—March 22, 1965 through March 31, 1966—has been set at 28,000 long tons.

ZINC

The initial offering of approximately 75,000 short tons of the 150,000 short tons of zinc authorized for disposal to industry from the National Stockpile under Public Law 89-9 was substantially oversubscribed. Bids received totaled over 218,000 short tons. Of the 75,000 short tons offered, valued at $22.6 million, 57,000 short tons were sold to domestic producers of primary and secondary slab zinc and to importers of record who agreed to distribute the metal at no profit; 8,000 short tons were sold to independent alloyers of zinc base alloys; and approximately 10,000 short tons were sold to other purchasers for domestic consumption. Of the 50,000 short tons authorized under Public Law 89-9 for direct Government use, approximately 2,000 tons, valued at $624,350 were released to the Bureau of the Mint for coinage purposes. On July 1, 1965, GSA offered the remaining 75,000 tons authorized for sale.

In addition to the above sales, 221,087 pounds of zinc engraving plates were sold during the period from the National Stockpile, with a sales value of $33,619.

On June 15, 1965, H.R. 9047 was introduced authorizing the commercial disposal of another 300,000 short tons of zinc, and an additional 50,000 short tons for direct Government use.

Activities of the General Services Administration Relating to Stockpiling of Strategic and Critical Materials

The General Services Administration is charged with the general operating responsibility, under policies set forth by OEP, for stockpile management, including (1) purchasing and making commitments to purchase, transferring, rotating, upgrading, and processing of metals, minerals, and other materials; (2) expansion of productive capacity through the installation of additional equipment in Government-owned plants and the installation of Government-owned equipment in privately-owned facilities; (3) storage and maintenance of all strategic materials held in Government inventories; and (4) disposal of excess stockpile materials, including the development of disposal plans, selling the materials, and arranging for Government use of such materials.

The activities of the General Services Administration particularly in connection with procurement, upgrading, and disposals have been summarized in the earlier sections of this report.

STORAGE AND MAINTENANCE

On June 30, 1965, GSA provided for the storage of strategic and critical materials at 152 locations as follows:

Type of facility	As of 6-30-65	Change in last 6 months
Military depots	47	-1
GSA depots	25	0
Other Government-owned sites	13	0
Leased commercial sites	15	0
Industrial plant sites	39	0
Commercial warehouses	13	-2
Total	152	-3

Approximately 52.0 million tons of strategic materials were stored at the above facilities. About 527,000 tons of materials were received into storage between January and June 1965. The bulk of the tonnage received was bauxite acquired under the CCC barter program.

Shipments from storage depots of materials sold under disposal programs amounted to approximately 403,000 tons. Of particular significance was the shipment of large quantities of brass, copper, lead, tin, and zinc.

GSA completed evacuation of the warehouse at the GSA-DMS Buffalo Depot during the period. Approximately 1,487 tons of various materials were either shipped out under the disposal sales program or relocated to other GSA depots. As a result of evacuating this warehouse, annual storage costs were reduced by $236,000 and major roof rehabilitation, at a cost of $1,440,000, has been avoided.

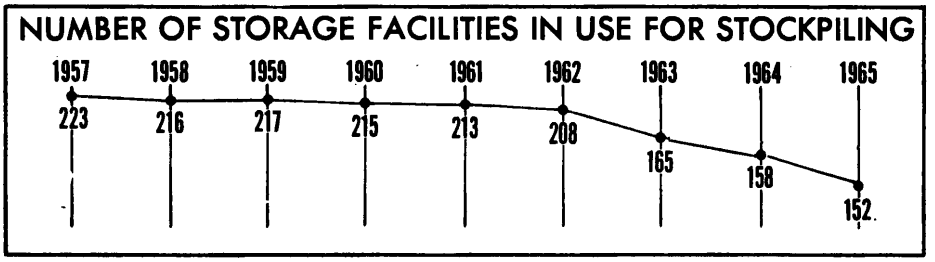
Evacuation of the GSA-DMS Iona Island Depot, Iona Island, New York, was also completed during the period. GSA relocated 8,883 tons of various materials to other depots, and 8,163 tons of rubber were shipped under the disposal sales program. Annual storage costs were reduced by $260,000.

The disposal program on vegetable oils has resulted in the deactivation of two tank farms. During the report period, the tank farm at the GSA depot in Scotia, New York, was completely closed. This lowers annual storage costs by $89,000. The tank farm at the Naval Air Station in Olathe, Kansas, was evacuated and declared excess to stockpile requirements in December 1964, resulting in an annual reduction of $30,000 in stockpile storage costs.

A total of 11,773 tons of cordage fiber and cryolite was shipped from commercial warehouses under disposal and relocation programs. This action reduces annual storage charges by approximately $81,000.

Crude rubber continued to be shipped to commercial warehouses in the New England area in accordance with the OEP directive to maintain tonnage in the area in proportion to its share of national usage. GSA relocated 13,194 tons to commercial warehouses in New England during the January-June 1965 period.

On January 18, GSA assumed direct custodial responsibility for the 67,000 tons of stockpile materials located at the Naval Supply Center in Stockton, California. This facility is being partially inactivated by the Department of Defense.



Activities of the Department of Commerce Relating to Stockpiling of Strategic and Critical Materials

The Department of Commerce has been delegated a number of responsibilities with regard to the National Stockpile and these, in turn, have been assigned to the Business and Defense Services Administration (BDSA) within the Department. BDSA prepares for the Office of Emergency Planning estimates of essential civilian and war-supporting requirements for strategic materials in a mobilization period, a basic element in determining stockpile objectives. In certain limited cases, it also prepares estimates of the mobilization supply of such materials. It reviews plans for disposal of surplus stockpile materials and provides OEP or GSA with its evaluation of the market impact of proposed schedules of sales. In addition, it develops recommendations for purchase specifications and storage procedures. Finally, it prepares special studies for OEP regarding problems relating to strategic materials and submits to OEP, on behalf of the Department, recommendations or advice on stockpile policies and programs.

ESTIMATES OF ESSENTIAL CIVILIAN AND WAR-SUPPORTING REQUIREMENTS

The principal procedure for estimating essential civilian and war-supporting requirements involves an analysis of each major end-use item containing significant quantities of the material to be stockpiled. Recent trends in usage are reviewed, prospective technological developments are taken into account, and the essentiality of the item or of the use of the material in the item during mobilization is determined. Finally, the extent to which wartime production of the item would parallel previously determined wartime production levels of the category of which it is a part is evaluated. These factors then become the basis for estimating mobilization requirements for the material for the given end-use item. Similar calculations are applied to other end-use items and the sum of them becomes the total of essential requirements for the material. The complexity of the work and the specialization of the data is such that extensive industry assistance in specific areas and industry surveys are often required.

Pending development by OEP of revised mobilization index factors for use in the next review of stockpile objectives, scheduled for the fall of this year, preparation of new estimates of essential civilian requirements in a conventional war has been held in abeyance except in those cases where the need for a prompt objective review was urgent. During the first half of 1965, therefore, only three requirements estimates were submitted to OEP—abaca, sisal, and refractory grade bauxite. Meanwhile, guidelines for developing requirements estimates in a nuclear war continue to be studied. When authorized by OEP, they will permit an evaluation of potential needs under these circumstances which will then be related to conventional war needs with modification of objectives where indicated.

PURCHASE SPECIFICATIONS AND SPECIAL INSTRUCTIONS

Materials stockpiled for war use must be in a form which permits efficient utilization and which provides optimum storage characteristics. Purchase specifications are designed to assure these ends and in their preparation much weight is given to industrial guidance and experience with the materials. Industry specialists and Government experts are consulted in the matter and their views correlated when such specifications are developed or revised. In addition, special purchase and acceptance instructions are issued which cover types of materials to be credited to the objectives, packaging requirements, and other administrative procedures.

Revisions of Purchase Specifications and Special Instructions prepared for OEP and issued during this period involved the following materials:

Purchase Specifications

- Bauxite, chemical grade
- Corundum
- Diamond dies
- Ferromanganese, low and medium carbon
- Ferrotungsten
- Morphine sulphate
- Palladium
- Quinidine
- Tantalum, capacitor grade
- Titanium metal

Special Instructions

- Asbestos, amosite
- Copper
- Corundum
- Ferromanganese, low and medium carbon
- Platinum metals
- Rutile
- Titanium metal

DISPOSAL PROGRAMS

Substantial surpluses exist in a majority of the 77 stockpile items. The President approved the Cabinet-level Executive Stockpile Committee's recommendation that these surpluses be sold through long-range disposal programs. Further, these programs would be established only after appropriate interagency review, industry consultation, and application of disposal criteria which would assure minimizing the impact of sales on normal markets of producers, processors, and consumers.

To carry out this policy, interagency committees were established to develop basic data bearing on the industries concerned. These data become the background for guidelines in the preparation of specific disposal plans for OEP consideration, with

subsequent instructions to GSA to develop a draft plan. Following interdepartmental consultation, the proposed plans are then discussed with industry and foreign governments by agencies concerned, before subsequent approval by the Director of OEP and GSA's submission to Congress.

Activity continued at a high level in this area and specific long-range disposal plans were developed for most of the remaining materials for which early disposal activity was appropriate. In this respect, BDSA submitted, during the six-month period, recommendations covering plans for the disposal of 19 materials. In addition, BDSA submitted recommendations covering disposal of three additional materials which Congress authorized as emergency releases to help alleviate the supply shortage.

Long-Range Programs

Aluminum
Aluminum oxide
Asbestos, chrysotile
Bauxite, metallurgical grade
Chestnut tannin
Chromite, chemical grade
Graphite, Malagasy and other
Manganese ore, metallurgical grade
Mica, phlogopite block and splittings
Nickel (revision)
Quartz crystals
Quebracho tannin
Silicon carbide
Talc, block
Tin (revision)
Titanium
Tungsten ores and concentrates
Vanadium
Wattle tannin

Emergency Releases

Copper
Lead
Zinc

HIGH HEAT AND SPECIAL PROPERTY MATERIALS

In accordance with the provisions of Defense Mobilization Order V-7 and its successor, Defense Mobilization Order No. 8600.1, prospective needs for high temperature and other special property materials shall be reviewed if reasonably firm minimum requirements indicate the existence of a supply deficit and the need for stockpiling in the event of an emergency. By agreement with OEP, BDSA conducts this review on an annual basis. During January-June 1965, an annual report covering the following 23 items was sent to OEP:

High Heat and Special Property Materials

Beryl
Boron (elemental)
Cerium
Cesium
Chromium
Cobalt
Columbium
Gallium
Germanium
Graphite, artificial (special grades)
Hafnium
Indium
Molybdenum
Nickel
Rhenium
Rubidium
Silicon, high purity
Tantalum
Tellurium
Titanium
Tungsten
Vanadium
Zirconium

SPECIAL STOCKPILE STUDIES AND OTHER ACTIVITIES

Copper.—Because of a continuing tight supply situation for copper, 20,000 tons of surplus stockpile copper were sold from the Defense Production Act inventory early in 1965, and 100,000 tons from the National Stockpile inventory were authorized for disposal by the Congress on April 2, 1965. By request of OEP, the Copper Division of BDSA developed a pattern of allotments among consumers of copper, based on demonstrated needs. To accomplish this, applicants were required to submit statements covering their inventory position, orders on hand, including defense-rated orders, supply prospects and consumption levels during previous periods. These data were analyzed and made the basis for individual allotments which were then forwarded to GSA. GSA used this pattern of distribution in carrying out the disposal program.

Allotments by category of users were as follows:

20,000 Ton Distribution

33 brass mills.....	11,565
57 wire mills.....	7,501
10 foundries.....	509
15 miscellaneous users	425
Total.....	20,000

100,000 Ton Distribution

	Fire refined copper	Copper in brass and bronze	Total
49 brass mills.....	8,156	54,081	62,237
106 wire mills.....	20,257	4,038	24,295
57 foundries and miscellaneous users.....	2,150	2,095	4,245
20 ingot makers.....	437	8,302	8,739
Total.....	31,000	68,516	99,516

Cordage Fibers.—In connection with the development of estimates of supply and requirements in a mobilization period for abaca and sisal, a special study of the increasing use of man-made fibers was undertaken. At the same time, a projection of industrial consumption of natural fiber was developed to ascertain the feasibility of rotation of fiber in the stockpile. These studies are essential factors in OEP's determination of stockpile objectives for the cordage fibers.

Aluminum.—A special study of the capacity of domestic plants consuming aluminum in the form in which it is being stockpiled was prepared for OEP. The data from this study will be used to determine the adequacy of stockpile aluminum inventories at nearby storage sites to meet the wartime demands of such plants.

Activities of the Department of State Relating to Stockpiling of Strategic and Critical Materials

The Department of State provides advice and guidance regarding the effect of activities in the stockpiling program on the foreign relations segment of the United States national interest, and deals with international relations problems arising out of these activities. The Department assesses the availability of strategic and critical materials from primary producing countries, and the reliability of these sources in time of national emergency. It participates in a review of supply and requirements for each strategic material and helps to develop the stockpile objective for such materials.

The Department shares in the development of long-range plans for disposal of surplus materials and conducts consultations with foreign governments regarding proposed disposals. Based on these consultations, an evaluation is made of the effects, economic and political, of such plans in friendly foreign countries, and thus on the foreign relations of the United States. As necessary, the Department makes recommendations for adoption or modification of the proposed plans. During the period under review, the Department conducted a large number of consultations regarding both new plans and modifications of existing plans. While a disposal program is under way, the Department receives and deals with such adverse foreign reactions as may arise and advises on new foreign policy developments which may have a bearing on an existing disposal program.

The Department reviews proposals for the barter of United States surplus agricultural commodities for strategic materials and assists and advises the Department of Agriculture on foreign policy problems arising out of the implementation of such proposals.

Activities of the Department of Agriculture Relating to Stockpiling of Strategic and Critical Materials

EXPANSION OF DOMESTIC SOURCES

The Department of Agriculture has continued a number of research projects with the objective of improving or developing domestic sources of, or substitutes for, certain strategic or critical products of agricultural origin.

Drug Plant Seeds

Seed stocks held at the National Seed Storage Laboratory, Fort Collins, Colorado consist of Atropa belladonna, Digitalis Lanata, Digitalis purpurea, and Papaver somniferum. These stocks are being stored to insure a basis for minimum emergency production requirements.

Castorbeans

Castorbean breeding and production research was continued by Agriculture in cooperation with the State Experiment Stations in California, Texas, Oklahoma, Mississippi, and Nebraska. Work was terminated at Davis, California and suspended at Stoneville, Mississippi in June 1965. The best lines developed in Mississippi were sent to Texas for tests in the area of commercial production in 1965. One or more of these lines are expected to be extremely useful, providing a basis for resistance to capsule mold and capsule drop diseases. Seed made available to castorbean breeders should be useful in developing improved varieties or breeding lines.

Engineering research was continued on the development of a combine-type harvester that will operate effectively on damp or dry castors. Improved harvester components also were designed. While there is need for further modification, data and information obtained should be valuable in further development of castor harvesters.

Data also have been obtained which will serve as guidelines for designing driers and drying requirements.

Present plans are to terminate this research.

Cordage Fibers

Kenaf.—Production research on kenaf was continued to determine the effects of planting dates, planting methods, and various plant nutrients on seed or fiber yields. In strain trials, the varieties Everglades 41 and 71 continued to be superior in fiber yield at Belle Glade, Florida. However, they were inferior in yield to the variety BS 52-52 when grown at Experiment, Georgia.

Species were screened for resistance to root-knot nematodes. A wild strain from Kenya, significantly more resistant, was successfully crossed with several cultivated strains.

Through engineering research, improved harvesting and processing machinery and methods for the production of kenaf and other jute-like fibers have been developed. A recently tested tying attachment on the harvester-ribboner results in a savings of manpower in operating the machine. The field harvester-ribboner with tying mechanism and washer can be considered ready for commercial use. A machine similar to the research model was built commercially for Sudan, Africa, and made ready for tests there. Studies were also made of machinery developments for kenaf, jute, and like fibers in Europe and of growing and processing developments in Asia.

Present plans are to terminate this research.

Sansevieria.—Experiments were concluded on the source, time, and frequency of applications of nitrogen to *Sansevieria trifasciata.* In studies of fiber yield and cold tolerance, Florida H-13, and F_1 hybrid, continues to be superior to other hybrids and natural species. The hybrid is being used in extensive cultural experiments to determine the most appropriate methods for management. None of these experiments was harvested during the reporting period.

Additional refinements in components of the harvester-decorticator developed for sansevieria have been completed and successfully field tested. However, a new machine of greater size and capacity would be required in order to obtain data on the cost of producing sansevieria fiber on a commercial scale.

Present plans are to terminate this research.

FOREST PRODUCTS AND WOOD UTILIZATION RESEARCH

Results of such studies have potential advantages in the handling of materials in the National Stockpile. For example, research on the performance of plywood pallets showed that they give satisfactory service and are more economical on a "per use" basis. Research on pallets also showed that several little-used West Coast wood species were suitable for pallets.

BARTER ACTIVITIES

An interagency review group is considering present and past barter acquisition procedures. This group will submit recommendations to the Secretary of Agriculture for obtaining the maximum degree of competition among U.S. firms offering strategic materials in barter transactions. Pending completion of this review, no new barter arrangements will be made for strategic and critical materials for the stockpile.

No barter contracts for strategic materials were negotiated during the January-June 1965 period. Strategic materials valued at $15.2 million were delivered during this reporting period, bringing the cumulative total of strategic materials delivered to the Commodity Credit Corporation (CCC) under barter contracts since 1950 to approximately $1.6 billion. Of this total, $223.3 million were transferred to the National Stockpile and about $1.3 billion to the Supplemental Stockpile through June 30, 1965.

TRANSFERS FROM STOCKPILE FOR DISPOSAL

In 1962, all National Stockpile extra long staple cotton was transferred to CCC—47,518 bales of domestic cotton and about 123,000 bales (running) of Egyptian and Sudanese cotton.

The domestic cotton was added to CCC's inventory, resulting in a total of 53,740 bales. From August 1, 1962, through December 31, 1964, 8,850 bales were sold under a CCC sales program, and 2,267 additional bales have been sold between January 1, 1965 and June 30, 1965, reducing this inventory to approximately 42,600 bales.

Harvesting PYRETHRUM flowers in Cotopaxi Province, Ecuador.

Pyrethrum is a daisy–like plant, the flowers of which contain pyrethrins, an effective insecticide. The cultivation of pyrethrum flowers requires a tropical climate and high elevation. Pyrethrum has two characteristics which make it unique among insecticides – it is much safer to use around food than synthetic organic insecticides, and its use results in the quick "knockdown" of insects which is particularly effective in preventing transmission of human and plant disease. Stockpile inventory consists of 67,000 pounds of 20% extract in kerosine.

Activities of the Department of the Interior Relating to Stockpiling of Strategic and Critical Materials

The Department of the Interior has the responsibility for the management, conservation, and adequate development of the Nation's natural resources to meet the requirements of national security and an expanding national economy. The Department assists the Office of Emergency Planning in formulating and carrying out programs for the stockpiling of critical materials. The Department of the Interior conducts research in exploration, mining, beneficiation, and metallurgy and compiles information on production and consumption for use in stockpile planning. The Department also provides advice and recommendations regarding Purchase Specifications and Special Instructions for stockpiling, storage procedures, and stockpile disposal programs.

The Department is responsible for preparedness programs covering electric power, petroleum and gas, solid fuels and minerals, and conducts resource-requirements studies in order to identify problem areas and develop recommendations and programs for the maintenance of a sufficient mobilization base. The Department also administers programs to encourage the exploration, development, and mining of minerals and metals for emergency purposes.

Special and technical reports, issued during January-June 1965, having a relationship to strategic and critical materials are as follows:

BUREAU OF MINES

Minerals Yearbook 1963, Volume IV

Volume IV reviews strategic and critical mineral developments for the countries of the world (excluding the United States).

Mineral Facts and Problems, 1965 Edition (Bulletin 630)

All preprint chapters have been published.

Bulletins

619 Corrosion Properties of Titanium and Its Alloys.
624 Manganese-Copper Damping Alloys.

Reports of Investigations

6569 Beneficiation and Hydrometallurgical Treatment of Complex Mercury Sulfide Products.
6572 Investigation of Beryllium Deposits in the Northern Virgin Mountains of Clark County, Nev., and Mohave County, Ariz.
6573 Methods for Producing Alumina From Clay.
6576 Experimental Caustic Leaching of Oxidized Zinc Ores and Minerals and the Recovery of Zinc From Leach Solutions.
6577 Extraction and Separation of Rare-Earth Elements in Idaho Euxenite Concentrate.
6578 Evaluation of Electrowon Tungsten Powder.
6582 Specific Conductance, pH, Density, and Viscosity of Sodium Aluminate Solutions and Some Properties of the Aluminate Ion.
6583 Heats of Formation of Lithium Chloride and Lithium Oxalate, Including Details on the Construction and Operation of a Solution Calorimeter.
6587 Tin-Lode Investigations, Potato Mountain Area, Seward Peninsula, Alaska.
6588 Electrorefining of Titanium-Oxygen Alloys.
6589 Anionic-Cationic Flotation of Mica Ores From Alabama and North Carolina.
6590 Conversion to Metal of Dimolybdenum Carbide Electrosynthesized From Molybdenite.
6591 Effects of Substituting Cobalt for Nickel on the Corrosion Resistance of Two Types of Stainless Steel.
6593 Extraction of Aluminum From $2Na_2O.3CaO.5Al_2O_3$ in Water and in Solutions of NaOH and Na_2CO_3.
6594 The Hafnium-Vanadium System.
6595 Field Testing of the Explosive-Anchored Rockbolt.
6596 The Recovery of Manganese From Open-Hearth Slags and Low-Grade Ores by Smelting and Selective Oxidation.
6599 Magnesium Reduction of Rutile.
6601 Extraction and Separation of Rare-Earth Elements and Yttrium with Dodecyl Phosphoric Acid-Kerosine Solvent.
6609 Recent Catalyst Developments in the Hot-Gas-Recycle Process.

Reports of Investigations—Con.

6612 Extraction of Tungsten From Ore Concentrates by Chlorination.
6613 Load Relations in Preloaded Rockbolt Testing.
6617 Heats of Formation of Anhydrous Sulfates of Cadmium, Cobalt, Copper, Nickel, and Zinc.
6618 Heats of Formation of Goethite, Ferrous Vanadate, and Manganese Molybdate.
6628 Properties of Vanadium-Carbon Alloys.
6631 Electrorefining Vanadium in a Molten Bromide Electrolyte.
6632 Spectrochemical Analysis of Tungsten.
6634 Design of Drill-Hole Grid Spacings for Evaluating Low-Grade Copper Deposits.
6635 Extraction of Tantalum and Columbium From Ores and Concentrates by Chlorination.
6636 Stainless Steel-Gadolinium Alloys.
6637 Effects of Interstitial Impurities on the Mechanical Properties of Electrorefined Vanadium at Low Temperatures.

Information Circulars

8225 Copper. A Materials Survey.
8252 Mercury Potential of the United States.
8257 Silver: Facts, Estimates, and Projections.
8264 Brown Iron Ore Resources: Quitman County, Ga.
8266 Review and Evaluation of Silver-Production Techniques.

Special Publications

The Titanium Industries and Their Relation to the Pacific Northwest.
Prepared under a cooperative agreement with the Bonneville Power Administration.

U.S. GEOLOGICAL SURVEY

Professional Papers

459-B Ore deposits of the Antler Peak quadrangle, Humboldt and Lander Counties, Nevada, by R. J. Roberts and D. C. Arnold (silver, copper, antimony, lead, zinc, cadmium, manganese).
471 Geology of the San Manuel area, Pinal County, Arizona, by S. C. Creasey with a section on ore deposits, by J. D. Pelletier and S. C. Creasey (copper, lead, zinc-gold).
484 Geomorphology of the Shenandoah Valley, Virginia and West Virginia, and origin of the residual ore deposits, by J. T. Hack (manganese).
489 Geology and ore deposits of the Metaline zinc-lead district, Pend Oreille County, Washington, by McC. G. Dings and D. H. Whitebread.
501-D, 525-B Geological Survey Research 1964 and 1965. Short papers in geology and hydrology. Scientific notes and summaries of investigations.

Bulletins

1125 Geology and ore deposits of the White Canyon area, San Juan and Garfield Counties, Utah, by R. E. Thaden, A. F. Trites, Jr., and T. L. Finnell (copper).
1169 Geology of the Curlew quadrangle, Ferry County, Washington, by R. L. Parker and J. A. Calkins (copper, silver).
1181-O Geology of the Independence quadrangle, Inyo County, California, by D. C. Ross (lead, copper, tungsten, asbestos, talc).
1184 Geology of the Ciales quadrangle, Puerto Rico, by H. L. Berryhill, Jr. (copper).
1198-C Bryophytes associated with mineral deposits and solutions in Alaska, by H. T. Shacklette (copper, antimony, mercury).
1199-B Bauxite and kaolin deposits of Mississippi, exclusive of the Tippah-Benton district, by L. C. Conant.
1199-C Bauxite deposits of the Tippah-Benton district, Mississippi, by H. A. Tourtelot.
1199-D Bauxite deposits of the Margerum district, Alabama, by H. R. Bergquist and E. F. Overstreet.
1199-E Bauxite deposits of the Eufaula district, Alabama, by W. C. Warren and L. D. Clark.
1199-F Bauxite deposits of the Springvale district, Georgia, by L. D. Clark.
1199-K Bauxite deposits of Virginia, by W. C. Warren, Josiah Bridge, and E. F. Overstreet.
1214-A Geochemistry of the platinum metals, by T. L. Wright and Michael Fleischer.

STATUS OF OBLIGATIONAL OPERATIONS

Under PL 117 and PL 520 for The National Stockpile

As of June 30, 1965

AUTHORITY	APPROPRIATED FUNDS a/	AUTHORIZATIONS FOR		TOTAL OBLIGATIONAL AUTHORITY (CUMULATIVE) d/
		MAKING ADVANCE CONTRACTS b/	LIQUIDATING OUTSTANDING ADVANCE CONTRACTS c/	
Under PL 117 - 76th Congress				
PL 361 - 76th Congress, August 9, 1939	$ 10,000,000	$	$	$ 10,000,000
PL 442 - 76th Congress, March 25, 1940	12,500,000			22,500,000
PL 667 - 76th Congress, June 26, 1940	47,500,000			70,000,000 e/
Under PL 520 - 79th Congress				
PL 663 - 79th Congress, August 8, 1946	100,000,000	-	-	100,000,000
PL 271 - 80th Congress, July 30, 1947	100,000,000	75,000,000	-	275,000,000
PL 785 - 80th Congress, June 25, 1948	225,000,000	300,000,000	-	800,000,000
PL 785 - 80th Congress, June 25, 1948	75,000,000	-	75,000,000	800,000,000
PL 119 - 81st Congress, June 23, 1949	40,000,000	270,000,000	-	1,110,000,000
PL 150 - 81st Congress, June 30, 1949	275,000,000	250,000,000	-	1,635,000,000
PL 150 - 81st Congress, June 30, 1949	250,000,000	-	250,000,000	1,635,000,000
PL 434 - 81st Congress, October 29, 1949	-	-	100,000,000 f/	1,535,000,000
PL 759 - 81st Congress, September 6, 1950	365,000,000	-	240,000,000	1,660,000,000
PL 759 - 81st Congress, September 6, 1950	240,000,000	125,000,000	-	2,025,000,000
PL 843 - 81st Congress, September 27, 1950	573,232,449 g/	-	-	2,598,232,449
PL 911 - 81st Congress, January 6, 1951	1,834,911,000	-	-	4,433,143,449
PL 253 - 82nd Congress, November 1, 1951	590,216,500	-	-	5,023,359,949
PL 253 - 82nd Congress, November 1, 1951	200,000,000	-	200,000,000	5,023,359,949
PL 455 - 82nd Congress, July 25, 1952	203,979,000	-	70,000,000	5,157,338,949
PL 176 - 83rd Congress, July 31, 1953	-	-	30,000,000	5,127,338,949
PL 428 - 83rd Congress, June 24, 1954	-	-	27,600,000	5,099,738,949
PL 663 - 83rd Congress, August 26, 1954	379,952,000 h/	-	-	5,479,690,949
PL 112 - 84th Congress, June 30, 1955	321,721,000 i/	-	-	5,801,411,949
PL 112 - 84th Congress, June 30, 1955	27,400,000	-	27,400,000	5,801,411,949
PL 844 - 85th Congress, August 28, 1958	3,000,000	-	-	5,804,411,949
Rescinded by PL 255 - 86th Congress, September 14, 1959	-58,370,923 j/	-	-	5,746,041,026
PL 626 - 86th Congress, July 12, 1960	22,237,000 k/	-	-	5,768,278,026
PL 141 - 87th Congress, August 17, 1961	16,682,510 l/	-	-	5,784,960,536
PL 741 - 87th Congress, October 3, 1962	8,729,887 m/	-	-	5,793,690,423
PL 215 - 88th Congress, December 19, 1963	23,925,000	-	-	5,817,615,423 n/
PL 507 - 88th Congress, August 30, 1964	9,319,168 o/	-	-	5,826,934,591
PL 16 - 89th Congress, April 30, 1965	118,500	-	-	5,827,053,091
Total PL 117 and 520	$5,897,053,091	$1,020,000,000	$1,020,000,000	$5,897,053,091

SOURCE: GENERAL SERVICES ADMINISTRATION

a/ Congressional appropriations of funds for stockpiling purposes.
b/ Congressional appropriations of contracting authority for stockpiling purposes in advance of appropriation of funds.
c/ Congressional authorization to liquidate outstanding obligations incurred under previously granted advance contract authority.
d/ Cumulativa total of appropriated funds and advance contract authorization, less authorization to liquidate outstanding advance contract.
e/ Excludes $8,845,792 received from sale of stockpile materials for wartime consumption. Receipts were returned to Treasury, February 1948.
f/ Cancellation of previously authorized authority to make contracts.
g/ Excludes $25,404,921 transferred to operating expenses for rehabilitation of Government-owned material producing plants.
h/ Excludes $48,000 transferred to Transportation and Public Utilities Service, GSA.
i/ Excludes $430,000 transferred to Transportation and Public Utilities Service, GSA and $199,349,000 transferred to General Fund Receipts on June 27, 1956 - PL 623 - 84th Congress.
j/ As of June 30, 1959 this amount included cash of $52,350,792 and receivables of $6,020,131.
k/ Excludes $7,763,000 transferred to other GSA Funds for classified and wage board salary increases during 1961.
l/ Appropriation of $40,000,000 of which $22,700 transferred to Office of Administrator, GSA and $23,294,790 transferred to General Fund Receipts.
m/ Appropriation of $18,095,000 less transfers to General Fund Receipts of $9,365,113.
n/ Excludes receipts from rotational sales.
o/ Appropriation of $17,755,000 less returns to Treasury of $8,435,832.

TOTAL OBLIGATIONS AND EXPENDITURES OF STOCKPILING FUNDS

Under PL 117 and PL 520 for THE NATIONAL STOCKPILE

CUMULATIVE AND BY FISCAL PERIOD THROUGH JUNE 30, 1965

Fiscal Period	OBLIGATIONS INCURRED A/		EXPENDITURES B/	
	Net Change By Fiscal Period	Cumulative As of End of Period	By Fiscal Period	Cumulative As of End of Period
Prior to Fiscal Year 1948	$ 123,871,685	$ 123,871,685	$ 66,330,731	$ 66,330,731
Fiscal Year 1948	252,901,411	376,773,096	82,907,575	149,238,306
Fiscal Year 1949	459,766,881	836,539,977	304,486,177	453,724,483
Fiscal Year 1950	680,427,821	1,516,967,798	440,834,970	894,559,453
Fiscal Year 1951	2,075,317,099	3,592,284,897	655,537,199	1,550,096,652
Fiscal Year 1952	948,117,547	4,540,402,444	844,683,459	2,394,780,111
Fiscal Year 1953	252,375,163	4,792,777,607	906,158,850	3,300,938,961
Fiscal Year 1954	116,586,681	4,909,364,288	644,760,321	3,945,699,282
Fiscal Year 1955	321,799,833	5,231,164,121	801,310,094	4,747,009,376
Fiscal Year 1956 C/	251,692,667	5,482,856,788	382,011,786 C/	5,129,021,162 C/
Fiscal Year 1957	190,000,109	5,672,856,897	354,576,558	5,483,597,720
Fiscal Year 1958	54,473,250	5,727,330,147	173,753,997	5,657,351,717
Fiscal Year 1959	38,710,879	5,766,041,026	65,260,098	5,722,611,815
Fiscal Year 1960	19,859,290	5,785,900,316	49,227,142	5,771,838,957
Fiscal Year 1961	29,082,919	5,814,983,235	33,325,431	5,805,164,388
Fiscal Year 1962	31,179,407	5,846,162,642	33,695,431	5,838,859,819
Fiscal Year 1963	17,414,900	5,863,577,542	22,104,176	5,860,963,995
Fiscal Year 1964	15,489,597	5,879,067,139	16,091,067	5,877,055,062
Fiscal Year 1965 -	16,288,732	5,895,355,871	16,561,275	5,893,616,337

A/ Figures are the sum of obligations incurred under PL 520, 79th Congress and PL 117, 76th Congress. Final obligations under PL 117, 76th Congress were incurred in Fiscal Year 1949.

B/ Figures are the sum of expenditures under PL 520, 79th Congress and PL 117, 76th Congress. Final expenditures under PL 117, 76th Congress were made in Fiscal year 1951.

C/ 1956 and subsequent fiscal periods and cumulative expenditures are reported on an accrual basis.

SOURCE: GENERAL SERVICES ADMINISTRATION

EXPENDITURES OF STOCKPILE FUNDS, BY TYPE

(for the National Stockpile)

Cumulative and for Last Half Fiscal Year 1965

Type of Expenditure	Cumulative Through December 31, 1964	Six Months Ended June 30, 1965	Cumulative Through June 30, 1965
Expenditures			
Gross Total	$6,428,067,612	$8,854,927	$6,436,922,539
Less: Adjustment for Receipts from Rotation Sales and Reimbursements	543,010,297	295,905	543,306,202
Net Total	5,885,057,315	8,559,022	5,893,616,337
Material Acquisition Costs, Total	5,436,931,611	526,013	5,437,457,624
Stockpile Maintenance Costs, Total	387,248,742	6,378,677	393,627,419
Facility Construction	43,772,457	-	43,772,457
Storage and Handling Costs	240,723,537	6,381,061	247,104,598
Net Rotation Costs	102,752,748	-2,384	102,750,364
Administrative Costs	52,756,492	1,150,277	53,906,769
Operations, Machine Tool Program	8,120,470	504,055	8,624,525

Cumulative figures are the total of expenditures under PL 117, 76th Congress and PL 520, 79th Congress. Expenditures under PL 117 totaled $70,000,000 of which $55,625,237 was for materials acquisition costs and $14,374,763 was for other costs. Final expenditures under PL 117 were made in FY 1951.

SOURCE: GENERAL SERVICES ADMINISTRATION

SECRET

With Attachments

4946

10

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

DRAFT

OFFICE OF THE DIRECTOR

MEMORANDUM FOR MR. BUNDY

Subject: Reducing strategic stockpile goals

A study prepared by the Budget Bureau in response to NSAM 321 concludes:

1. That special stockpile goals for post nuclear recovery not be established.

2. That the assumptions underlying present non-nuclear war stockpile goals are unrealistic and produce far too high stockpile goals. Specifically, the following changes should be made:

a. The assumed duration of a non-nuclear war should be reduced from 3 years to 2 years.

b. The assumption that in such a war we would export freely throughout the entire world but import only from Canada and the Caribbean should be changed to one of free world-wide imports. This position is supported by the JCS.

c. Assumptions on domestic consumption are too generous and should be made more restrictive.

(A draft version of the study is attached. A slightly revised draft, for circulation, will be available Friday morning.)

There is at least one commodity held in the stockpile, copper, that it would be highly desirable to sell at the earliest opportunity on anti-inflationary grounds. (Mercury and platinum are other candidates for immediate sale.)

SECRET

With Attachments

I suggest the following procedure:

1. I will talk to Governor Ellington about this approach.

2. You tell Secretary McNamara of our intention to lower the stockpile goals and that we intend to do this changing the assumed length of war and the import assumption. (The third dubious assumption, that on high domestic demand, probably isn't worth taking the time to argue about.) An overall McNamara position might also be useful.

3. You circulate the attached BOB paper to the group mentioned in NSAM 321 and immediately call a meeting of the group in order to get agreement on a recommendation to the President on the change in stockpile assumptions and goals. Out of this meeting would come a new basic stockpile charter in the form of a NSAM which would replace NSAM 142 dated April 10, 1962.

4. The major metals not now in excess which would become excess under the new objectives are:

(These are our own rough estimates)

Metal	Amount Becoming Excess	
- copper	775 thous. tons	$560 million
- mercury	172 thous. flasks	$118 million
- platinum	362 thous. ounces	$ 36 million

5. All of the above materials are in the National Stockpile and would require congressional authorization for release.

6. Copper is particularly critical in view of recent price developments and the demand/supply situation.

I have talked to Califano and Fowler; they are both anxious that we proceed as rapidly as possible.

Charles L. Schultze
Director

DRAFT

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November 11, 1965

REPORT OF THE SPECIAL COMMITTEE ON STOCKPILE OBJECTIVES

Summary

This report contains the initial findings and recommendations of the Special Committee on Stockpile Objectives established at your direction by NSAM No. 321 on December 1, 1964, to review strategic stockpile objectives and post-nuclear attack planning. The Committee, chaired by the Special Assistant for National Security Affairs and consisting of the Secretary of Defense, the Secretary of Commerce, the Special Assistant for Science and Technology, the Director of the Office of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget, was charged with examining planning assumptions and policies for the several stockpiles, with particular attention to:

"(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

"(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

"(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency."

~~SECRET~~

The Committee has sought to assess the various elements of stockpile planning and policy in the light of current military planning and present and prospective international conditions. We have endeavored to insure that stockpile policy is consonant with other elements of national security planning and to avoid the establishment or perpetuation of excessive stockpile objectives and inventories. Unduly high stockpiles result in a drain on scarce budget resources not only in the form of foregone receipts from disposals of unneeded assets, but also in possible further budget expenditures for the purchases of materials.

As of June 30, 1965, the Government held inventories of strategic and critical materials having an acquisition cost of $8.2 billion, and an estimated market value of $8.2 billion. These materials are contained in three principal inventories: The National Stockpile, established by the Strategic and Critical Materials Stock Piling Act of 1946; the Defense Production Act inventory, created by the Defense Production Act of 1950; and the Supplemental Stockpile (and a related Commodity Credit Corporation account), materials for which are obtained from the barter of surplus agricultural commodities under P. L. 480, as amended.

In April 1964, the Office of Emergency Planning completed supply-requirements studies which have become the basis for present conventional war stockpile objectives. Of the total materials

in Government inventories on June 30, 1965, $4.3 billion at estimated market value were considered to be excess to these conventional war objectives. As of that date, inventories equaled or exceeded the conventional war objectives for 62 of 77 strategic and critical materials for which objectives have been set.

The Committee believes that present conventional war stockpile objectives are higher than the Nation needs and that further amounts of stockpiled materials can safely be declared excess and thus become available for disposal action. Its recommendations, therefore, are directed primarily at altering the various conventional war stockpile planning assumptions which are responsible for the present condition of overstated objectives. Many of the recommendations essentially involve little more than the implementation of the most recent "Guidance for Non-Military Planning" document, which was prepared by the Presidentially-established Committee on Non-Military Assumptions (State, Defense, CIA, and OEP), approved by the Cabinet, and issued by OEP in March of this year. The Committee has also considered the need for a nuclear war and reconstruction stockpile and it finds that an adequate basis does not exist at this time for the establishment of formal nuclear war stockpile objectives which would warrant retention of present stockpile surpluses which might otherwise be eligible for disposal.

The specific findings and recommendations of the Committee are summarized below and treated in more detail in the balance of the report.

The Nuclear War Stockpile. The Office of Emergency Planning is now engaged in studies to determine nuclear war stockpile objectives. These studies are not intended to result in a new and separate stockpile, but to augment the existing conventional war stockpile objectives where nuclear war requirements are higher. The OEP expects to complete the studies and establish the nuclear war objectives by the end of the current fiscal year, accepting the higher of the conventional or nuclear war objectives as the overall stockpile objective.

Although the Committee is impressed with the need to move ahead in developing the techniques for determining nuclear war requirements and stockpile objectives, it believes that establishment and announcement of formal nuclear war objectives by the end of the current fiscal year would be premature for several reasons:

(1) The relationship of a nuclear war stockpile to other existing or proposed elements of the national damage-limiting and survival system (including fallout shelters, antiballistic missile defenses, etc.) has not been assessed adequately. Until the interplay between competing and complementary elements of the

overall system is clear, it is not possible to measure with any confidence the relative marginal benefit of stockpile additions to meet nuclear stockpile objectives.

(2) The wide band of uncertainties concerning the nuclear war environment complicates the task of measuring the payoff from stockpiling for post-attack reconstruction.

(3) The Committee notes that some of the data used in the current studies and analyses are not current (e.g., enemy capabilities, U.S. defense capabilities) and that some of the basic assumptions employed (e.g., the assumed continuance of prolonged hostilities after a nuclear attack, the selection of the 25 percent "risk" level for loss-planning purposes, etc.) are in need of clarification.

(4) The risk of deferring action on setting official nuclear war stockpile objectives does not appear to be great.

On the basis of these observations and conclusions, the Committee recommends:

(1) That conventional war stockpile objectives be regarded as the maximum objectives and that no stocks be withheld from sale in anticipation of possible future nuclear stockpile goals.

(2) That current nuclear war requirements studies be continued (and refined as new data and techniques become available) but that objectives generated by the exercise scheduled for completion this fiscal year be regarded as tentative and unofficial

pending thorough review by the Executive Stockpile Committee.

(3) That the Office of Emergency Planning and the Department of Defense review the various assumptions involved in the nuclear stockpile issue (e.g., the likelihood and timing of follow-on attacks, the probability of continued hostilities following nuclear attack, and the probable levels of damage--both to facilities and resources and to the population) and that differences be presented to, and guidance sought from, the Executive Stockpile Committee.

The Conventional War Stockpile. The Committee believes that several of the basic assumptions underlying the present conventional war stockpile objectives result in considerable overstatement of objectives. We believe that it is unrealistic to assume a long and massive conventional conflict on the order of World War II, that current assumptions on the availability of overseas supplies to the U.S. during an emergency period are unduly pessimistic, and that civilian requirements supported by the present objectives are overly generous. For these reasons, and in order to make our mobilization planning more consistent with our military planning, the Committee recommends (1) that the present 3-year war assumption be reduced to 2 years, which would, because of lags in converting raw materials into end products,

still yield production for up to a third year of conflict and (2) that most free world nations be regarded as available sources of supply in the emergency period. The Committee suggests that OEP be directed to calculate tentative objectives consistent with these assumptions by December 15, 1965, for the review of the Executive Stockpile Committee.

THE NUCLEAR WAR STOCKPILE

The Office of Emergency Planning: Responsibility and Analyses

1. Authority:

Stockpile objectives for strategic and critical materials are established in accordance with the authority contained in the Strategic and Critical Materials Stockpiling Act, Public Law 520-75th Congress, as amended. The Director, Office of Emergency Planning is responsible, under a delegation of authority from the President (E.O. 11051), for designating the materials which are strategic and critical and for establishing the quality and quantity of each material that shall be stockpiled.

2. Policy and Objectives:

To date stockpile objectives have been based on the requirements for support of a conventional (limited) war. The Executive Stockpile Committee established by the President on February 7, 1962, included in its March 1962 report a recommendation that:

> "... a study shall be made of the proper scope of stockpile objectives for general nuclear war and the extent of the stockpile necessary for the reconstruction period."
> This Committee also recommended that:
> "...The departments and agencies having responsibilities for supply-requirements studies begin immediately such studies for both limited and nuclear war (including reconstruction)."

These recommendations were approved by the President on April 10, 1962, in National Security Action Memorandum No. 142.

Defense Mobilization Order 8600.1 issued by the Director, OEP, sets forth the general policies for strategic and critical materials stockpiling, and is based in part on the recommendations of the Executive Stockpile Committee. It includes the policy that "Strategic stockpile objectives shall be adequate for limited or general war, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling."

3. Establishment of Objectives:

New conventional war objectives were established by the Director, OEP in 1963-64. These are normally reviewed periodically and revised, if necessary.

OEP has not established specific objectives for nuclear war. Following approval by the President of the recommendations in the Executive Stockpile Committee's March 1962 report, investigations were initiated to develop methods whereby such objectives could be determined.

The OEP nuclear war study utilizes a National Resources Evaluation Center computer procedure--"Nuclear Attack Hazards in Continental United States (NAHICUS-63)"--to determine the probability of damage from nuclear attack on various resources,

population and facilities and the surviving capabilities of the economy. OEP has based its study on the 25 percent probability level (i.e., in 25 out of 100 attack trials involving six various possible types of attacks, the damage or denials, as determined by the NAHICUS-63 procedures, would be greater than the indicated level for any point or resource and in the other 75 cases it would be less. This is a 3 to 1 chance that the indicated level of damage will not occur). The OEP expects also to evaluate the 1%, 10% and 50% probability levels. The output capabilities at this probability level are then modified--using the Office of Business Economics (OBE) official inter-industry data issued in November 1964--to reflect the ability of various sectors to support other sectors and to determine inter-industry demands.

The estimated post-attack requirements that would be placed on the economy are being developed with the assistance of the 30 Federal departments and agencies that have been assigned planning responsibilities by Executive Orders for various resources or sectors of the economy. Post-attack final demand goals (personal consumption, Government, investment and net exports) are being developed. The OBE inter-industry tables will be used to convert these final demands into total output goals for each segment of the economy. A comparison of these with the potential surviving capabilities will identify those resources

that would be in short supply in a post-attack economy. Detailed analyses of these shortage areas will be conducted to evaluate the various possible methods--substitution, reduction in demands, etc.--by which they could be alleviated or eliminated. Finally, after all adjustments are made, stockpile objectives that would eliminate remaining shortages can be determined.

Nuclear War Stockpiling--The Issues

Of the various criteria which bear on specific nuclear war stockpile objectives, the Committee has given special consideration to the following questions:

1. Is nuclear stockpiling being considered in the context of a balanced posture relating military and non-military security and non-security national objectives?

2. Are existing analyses, assumptions, goals, and techniques realistic and adequate for the purpose of determining stockpile objectives?

Discussion and Conclusions

The stockpiling of raw materials for the contingency of a nuclear war is but one facet of a complex of nuclear war deterrence and combat activities including strategic offensive and defensive forces, civil defense programs, and medical and food stockpile programs. The objectives of these forces and programs

are: (1) to deter deliberate nuclear attack, (2) should deterrence fail, to limit damage to our population and industrial capacity, and (3) to provide for the survival of the Nation. It is important that we achieve a sensible balance in our overall nuclear posture. Balance implies a testing of each element in this array against all others in terms of relative contribution. At each successive level of the aggregate of defense spending, it requires the dedication of available resources to those elements exhibiting the greatest marginal payoff. And, in measuring payoff, it is clear that the primary objective of our programs has been and is the deterrence of nuclear attack and that secondary objectives have been the immediate survival of our population and the post-attack survival and reconstruction of the economy.

Studies by the Department of Defense of a number of balanced defense postures have shown that a Soviet attack in 1970 could result in U.S. fatalities of from 122 million to 149 million of a total population of 210 million, depending upon the assumption used with regard to the timing and nature of the attack against U.S. cities and given the approved U.S. damage limiting program. Analysis of the effect of additions to the approved program in reducing fatalities has shown the high utility of a nationwide fallout shelter program in a major attack situation and that,

related to other military defense measures, such as added ballistic missiles or anti-missile systems, such a program should be a necessary part of any expanded damage limiting program. In general, because of the threat from radioactive fallout, the most important element in the national economy--our population--is also the most vulnerable. The first task in survival planning should, therefore, be to reduce this vulnerability.

Post-shelter and longer-term survival of the population and restoration of the productive capability of the economy are also highly important and cannot be ignored. However, immediate survival in the event of an attack remains the critical first objective; indeed longer term survival and reconstruction program needs are dependent upon immediate survival levels. In part because of the reluctance of the Congress to authorize the fall-out shelter program proposed by the Administration, we have hardly begun to invest in this area of national defense.

In contrast, we already have a high level of stockpile inventories. These circumstances plus the uncertainties which exist on the likelihood, scale and form of a nuclear war suggest that it will be most difficult to demonstrate a greater utility for additions to present stockpile objectives than for additions

to immediate survival programs. Some of these uncertainties are noted in the approved "Guidance for Non-Military Planning," which states that "Deliberate initiation of general war against the United States by the USSR is highly unlikely during the next decade, but it is possible. Initiation of such a war against the U.S. by Communist China during the period is even more remote ..." Regarding military needs, the Guidance observes that "the requirements for military hardware and related supplies would be less than those generated by large-scale and protracted limited war."

Similar difficulties exist in evaluating the form which a nuclear stockpile might take. A stockpile of raw materials will have some eventual utility in most imaginable post-attack environments. However, we find little evidence at this time which would justify setting nuclear war stockpile requirements higher than those for conventional war in the face of uncertainties about the size of the surviving population and its needs.

The approved "Guidance for Non-Military Planning" states, for example, that great and unpredictable damage to the domestic production base would result in a requirement for a different type of stockpile for nuclear war than for limited war, requiring "more emphasis in stockpiling of finished products, such as construction equipment, rail equipment, prefab buildings, and survival equipment."

The current supply-requirements studies for nuclear war and reconstruction represent a valuable step in the development of techniques for estimating post-attack needs and for uncovering problems and bottlenecks which might be encountered. These studies should be continued. The OEP is utilizing some of the latest methodologies available (such as inter-industry techniques and input-output tables prepared by the Office of Business Economics in the Department of Commerce). However, the Committee notes some of the underlying assumptions and data for the studies have certain limitations. The NAHICUS-63 procedure, for example, currently uses data on enemy capabilities and U.S. defense capabilities which are not up to date. The procedure also assumes that "follow-on" attacks would not have any significant effect on the study results and that conventional hostilities will continue after a nuclear attack on the United States. The OEP, with the cooperation of the JCS and the Department of Defense, is now assembling improved data from which new evaluations, to be designated HAZARD-70, can be prepared. These will be available sometime in 1966, and should be used to revise the results of the present studies. With regard to assumptions concerning follow-on attacks; the form, likelihood, and scale of continuing conventional hostilities; and what should constitute an acceptable "risk-level," the Committee recommends that the OEP and the

Department of Defense jointly examine these issues and bring appropriate policy questions to the Executive Stockpile Committee for review.

Recommendation

In the light of these considerations, the Committee concludes that it would be premature to establish formal nuclear stockpile objectives. The Committee has no absolute basis for denying that a nuclear stockpile may be needed (or even that current studies will in fact generate objectives higher than those for the conventional war stockpile). However, the Committee does not judge that an adequate case can be made at this time for the formal establishment of separate nuclear war stockpile objectives. It does not appear that postponing establishment of formal nuclear war objectives until planning assumptions and analytic procedures are improved will entail a great degree of risk. On the basis of preliminary data from the current studies, the OEP does not anticipate that for many items nuclear stockpile requirements will be significantly higher than existing objectives. On the other hand, the risks of setting formal objectives on the basis of the present timetable are the difficulty of subsequently renouncing the objectives should later analyses show these to be excessive and the

possible loss of receipts from the sale of materials which otherwise would have been excess.

We therefore recommend that the OEP supply-requirements studies should continue--and that they be revised to reflect HAZARD-70 when available--but that the results of the current study be regarded as tentative and unofficial and announcement of any higher objectives generated by that study be withheld pending further review by the Executive Stockpile Committee.

THE CONVENTIONAL WAR STOCKPILE

The Existing Stockpile

Present stockpile objectives are based on the determination of supply-requirement deficits in a conventional war situation. Some of the more important of the currently used assumptions are:

1. The stockpile shall be adequate for the conduct of a three-year war. It appears that this assumption requires materials sufficient to support production for three years, regardless of the levels of end items on hand prior to the outbreak of hostilities which would support combat consumption for a significant portion of the hypothetical three-year period.

2. For purposes of establishing ceilings, per capita civilian consumption is assumed (May 8, 1963, guidelines) to decline for durable goods (by 21% over the three year period), although per capita expenditures for non-durables and for services are assumed to increase steadily over prewar levels.

3. No reliance shall be placed on imports from foreign sources of supply beyond North America and comparably accessible sources (Mexico and the Caribbean) during an emergency. However, for exports, it is assumed that materials will be exported to the extent that a country is normally dependent upon the U. S.

4. Accessible foreign sources of supply shall be discounted to reflect internal risks and risks of concentration in supply

countries. Domestic supplies shall be discounted to reflect vulnerability to sabotage.

The OEP directs the conduct of supply-requirements studies and stockpile objectives with the assistance of the Interdepartmental Materials Advisory Committee (IMAC). In preparing the individual studies, requirements are divided into three categories: Military requirements for materials based on military production schedules (estimated by Defense); defense-supporting and essential civilian requirements (estimated by OEP and the Business and Defense Services Administration on the basis of GNP projections and historical experience); and exports (estimated by the Department of Commerce and/or the Department of State on the basis of historical usage). At the same time, supply data are estimated by the Departments of Agriculture, Commerce, and Interior. These sets of data are submitted to commodity committees (chaired by OEP specialists) who review the data, factor supply estimates to reflect various risks, and prepare basic data sheets for IMAC review. Guidance on risk factoring is prepared by DOD (accessibility of foreign sources and ocean shipping losses) and the Department of State (dependability of supply countries on the basis of economic and political factors). The IMAC review results in approval or disapproval of the supply-requirements data and leads to the setting of stockpile objectives by the OEP Director.

The status of selected items in the national stockpile as of last June 30 is shown in table 1. As noted previously, the objectives represent those determined for conventional war as a result of studies completed in 1964. The large excesses shown result primarily from action taken in 1958 to lower objectives from a 5-year to 3-year emergency period assumption.

Inventories of Selected Strategic Materials and Market Value
June 30, 1965

Commodity and quantitative unit	Stockpile objective		Excess to objective	
	Units (000)	Dollars (millions)	Units (000)	Dollars (millions)
Aluminum: short ton.....	450	220.5	1,443	707.2
Chromite metallurgical: short dry ton.....	2,970	145.5	2,324	173.9
Copper: short ton.....	775	560.4	227	163.6
Lead: short ton.....	0	0	1,309	418.8
Nickel: short ton.....	50	75.0	161	241.0
Rubber: long ton.....	130	74.8	662	380.8
Tin: long ton.....	200	801.9	92	367.8
Tungsten: pound.....	44,000	113.3	116,122	296.1
Zinc: short ton.....	0	0	1,416	410.8
Subtotal.....	-	1,991.4	-	3,160.0
Other materials--stockpile grade.....	-	1,821.2	-	960.8
Other materials--nonstockpile grade and without objectives	-	-	-	218.4
Total market value of inventories	-	3,812.6	-	4,339.3
Materials on order (principally barter).....	-	.6	-	38.6

Issues and Discussion

The Committee has satisfied itself that several of the basic assumptions underlying the conventional war stockpile objectives are too cautious and result in a substantial overstatement of objectives.

1. The three-year war assumption.--This assumption is not fully consistent with contemporary military planning. The Department of Defense has explicitly rejected a long World War II style of war as a model for planning purposes. For example, in announcing the proposed realignment of Army reserve forces earlier this year, the Secretary of Defense indicated that "Our analyses of the various kinds of limited war situations we are likely to face over the balance of this decade indicate a requirement for an Army force of about 22 divisions, plus two special purpose divisions specifically tailored for use within the Western Hemisphere. Sixteen divisions are provided in the active army. The other eight divisions (including the two special purpose divisions) plus all of the units needed to round out the 24-division force, can and should be provided within the Army reserve component structure and all of the resources and efforts devoted to the reserves should be directed to raising their combat readiness to the required level. The existing reserve component structure still devotes considerable resources to units for which there is no requirement in our contingency war plans, namely, the 21 divisions and various non-divisional units in the "low priority category." The Department

has also recently adjusted the level of support to six months across the board for all services except for ammunition for Army non-NATO forces, which remains on a D to P basis. It should be noted in determining military requirements that our European allies presently maintain only a limited capability for sustained combat (10 to 60 days of combat consumption).

We have made the reasons for rejecting the notion of a long conventional war clear in our internal planning and in discussions with our allies. In the critical European area, both sides possess enormous nuclear capabilities. Because an attack on Western Europe would constitute such a grave peril, we would be obliged to apply whatever force was needed to counter it. With stakes so high, the likelihood of a large-scale Soviet invasion there is remote and, if it happens, the probability of the conflict continuing at a sustained high level of intensity without escalating into a nuclear conflict is similarly remote. Conventional war conflicts in other parts of the world are more likely, but, because the forces of potential aggressors other than the Soviet Union are smaller and less effective, the probability of a single conflict or several simultaneous limited wars collectively approaching the World War II scale is even less likely than in Europe. On the basis of its studies of a representative group of limited war situations in areas outside of Europe, including simultaneous conflicts in two different areas, the Department foresees no probable instance in

which it would have a requirement for more than the presently programmed force.

Current Defense logistic support guidance is both a reflection and a determinant of the low likelihood of a drawn-out conventional war of large scale. For the Army, current logistics guidance for combat equipment is generally D plus 6 months for 22 divisions; for ammunition, the objective is D plus 6 months for the 8 divisions in or reserved for Europe and D to P (from the outbreak of hostilities to the point where production catches up to consumption) only for the 14 divisions. Prior Army guidance provided stocks equivalent to D to P for all war reserves for a 16 division force. The Marine Corps is subject to a D plus 6 months objective, as are the Air Force and the Navy with regard to ordnance and other related consumables.

Our European allies are, on the whole, not stocked to support even 30 days of combat consumption and their budget plans through 1970 indicate no intention to improve this status, despite several years of U. S. pressure on them to bolster their war reserves. Our non-European allies are even less able to support sustained combat operations. Further, the U. S. has not proposed to build up such reserves for these allies. (We would, of course, honor our commitments to MAP recipient countries in the event of hostilities involving them.)

Finally, the Committee notes that the three-year assumption appears to equate the supply of finished goods with the availability of raw materials. A stockpile designed to provide materials for three years of production would generate finished products up to one year after hostilities have ceased due to the lag in conversion of raw materials into end items. In effect, therefore, current stockpile objectives would provide production support for up to a four-year war.

2. Accessibility of foreign sources of supply.--Department of Defense judgment on the accessibility of foreign sources of supply in conventional war situations has been approved in the OEP-issued "Guidance for Non-Military Planning," which states that "In the event of direct hostilities between the U. S. and the Soviet Bloc, material resources from all nations except Eurasian Communist states, the northern tier of the middle East (Iran, Iraq, and Afganistan), and Southeast Asia would probably be accessible." However, present stockpile goods have been set on the assumption that overseas supply would be restricted generally to the Caribbean area, Mexico, and Canada.

In view of present and prospective ASW forces, Secretary McNamara has states "... we now believe that our ASW forces may be large and capable enough to ensure the resupply of our forces even during simultaneous conflicts in Europe and in the Far East."

Defense believes that a heavy toll of Soviet submarine forces would be taken in the very early stages of general conventional war. So long as this posture is maintained, the Committee endorses the OEP-issued "Guidance" document which assumes the availability of supplies from most of the Free World. We also believe that assumptions regarding continued exports by U. S. during hostilities and imports during such periods should be consistent with each other.

Recommendations

It is the opinion of the Committee that the foregoing factors have led to the establishment of too high conventional war stockpile objectives. Therefore, the Committee makes the following recommendations:

1. The conventional war stockpile should be designed basically to provide production support for no more than the approved Defense force structure for no more than a period of two years.--The DOD guidance to OEP, assuming a commitment of 22 divisions fully engaged by D + 6 months, should continue to be the force level basis used in requirements planning and determination. However, military support should be limited to production for a two-year period, both in recognition of the lag in conversion of raw materials into end items and of the low probability that a long conventional war would occur. Even in this case, end items would continue to roll off assembly lines if needed for up to the end of the third year of hostilities.

2. Supply availability factoring should be broadened.--Accessibility assumptions contained in "Guidance for Non-Military Planning" as well as assumptions concerned with the probable low level of transit losses should be followed closely.

3. The Office of Emergency Planning should estimate new tentative stockpile objectives in accordance with the above recommendations.--These tentative objectives will be provided by December 15, 1965, for review by the Executive Stockpile Committee. The OEP should include with the tentative objectives a summation of all other significant assumptions used in their preparation (e.g., transit loss assumptions, export levels during wartime, etc.).

Pending the review of these materials by the Committee, present conventional war stockpile objectives will remain in force and will be considered the approved stockpile objectives.

THE WHITE HOUSE
WASHINGTON

Mr. Smith:

Mr. C. Johnson is going to talk with Mr. McDermott about the procedure for handling of the recommended survey of stockpile .

mjb

Cys made for
C E Johnson
Spurgeon Keeny

NSAM 321

DRAFT

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November 11, 1965

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REPORT OF THE SPECIAL COMMITTEE ON STOCKPILE OBJECTIVES

Summary

This report contains the initial findings and recommendations of the Special Committee on Stockpile Objectives established at your direction by NSAM No. 321 on December 1, 1964, to review strategic stockpile objectives and post-nuclear attack planning. The Committee, chaired by the Special Assistant for National Security Affairs and consisting of the Secretary of Defense, the Secretary of Commerce, the Special Assistant for Science and Technology, the Director of the Office of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget, was charged with examining planning assumptions and policies for the several stockpiles, with particular attention to:

"(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

"(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

"(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency."

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In April 1964, the Office of Emergency Planning completed supply-requirements studies which have become the basis for present conventional war stockpile objectives. Of the total materials

in Government inventories on June 30, 1965, $4.3 billion at estimated market value were considered to be excess to these conventional war objectives. As of that date, inventories equaled or exceeded the conventional war objectives for 62 of 77 strategic and critical materials for which objectives have been set.

The Committee believes that present conventional war stockpile objectives are higher than the Nation needs and that further amounts of stockpiled materials can safely be declared excess and thus become available for disposal action. Its recommendations, therefore, are directed primarily at altering the various conventional war stockpile planning assumptions which are responsible for the present condition of overstated objectives. Many of the recommendations essentially involve little more than the implementation of the most recent "Guidance for Non-Military Planning" document, which was prepared by the Presidentially-established Committee on Non-Military Assumptions (State, Defense, CIA, and OEP), approved by the Cabinet, and issued by OEP in March of this year. The Committee has also considered the need for a nuclear war and reconstruction stockpile and it finds that an adequate basis does not exist at this time for the establishment of formal nuclear war stockpile objectives which would warrant retention of present stockpile surpluses which might otherwise be eligible for disposal.

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Although the Committee is impressed with the need to move ahead in developing the techniques for determining nuclear war requirements and stockpile objectives, it believes that establishment and announcement of formal nuclear war objectives by the end of the current fiscal year would be premature for several reasons:

(1) The relationship of a nuclear war stockpile to other existing or proposed elements of the national damage-limiting and survival system (including fallout shelters, antiballistic missile defenses, etc.) has not been assessed adequately. Until the interplay between competing and complementary elements of the

overall system is clear, it is not possible to measure with any confidence the relative marginal benefit of stockpile additions to meet nuclear stockpile objectives.

(2) The wide band of uncertainties concerning the nuclear war environment complicates the task of measuring the payoff from stockpiling for post-attack reconstruction.

(3) The Committee notes that some of the data used in the current studies and analyses are not current (e.g., enemy capabilities, U.S. defense capabilities) and that some of the basic assumptions employed (e.g., the assumed continuance of prolonged hostilities after a nuclear attack, the selection of the 25 percent "risk" level for loss-planning purposes, etc.) are in need of clarification.

(4) The risk of deferring action on setting official nuclear war stockpile objectives does not appear to be great.

On the basis of these observations and conclusions, the Committee recommends:

(1) That conventional war stockpile objectives be regarded as the maximum objectives and that no stocks be withheld from sale in anticipation of possible future nuclear stockpile goals.

(2) That current nuclear war requirements studies be continued (and refined as new data and techniques become available) but that objectives generated by the exercise scheduled for completion this fiscal year be regarded as tentative and unofficial

pending thorough review by the Executive Stockpile Committee.

(3) That the Office of Emergency Planning and the Department of Defense review the various assumptions involved in the nuclear stockpile issue (e.g., the likelihood and timing of follow-on attacks, the probability of continued hostilities following nuclear attack, and the probable levels of damage--both to facilities and resources and to the population) and that differences be presented to, and guidance sought from, the Executive Stockpile Committee.

The Conventional War Stockpile. The Committee believes that several of the basic assumptions underlying the present conventional war stockpile objectives result in considerable overstatement of objectives. We believe that it is unrealistic to assume a long and massive conventional conflict on the order of World War II, that current assumptions on the availability of overseas supplies to the U.S. during an emergency period are unduly pessimistic, and that civilian requirements supported by the present objectives are overly generous. For these reasons, and in order to make our mobilization planning more consistent with our military planning, the Committee recommends (1) that the present 3-year war assumption be reduced to 2 years, which would, because of lags in converting raw materials into end products,

still yield production for up to a third year of conflict and (2) that most free world nations be regarded as available sources of supply in the emergency period. The Committee suggests that OEP be directed to calculate tentative objectives consistent with these assumptions by December 15, 1965, for the review of the Executive Stockpile Committee.

THE NUCLEAR WAR STOCKPILE

The Office of Emergency Planning: Responsibility and Analyses

1. Authority:

Stockpile objectives for strategic and critical materials are established in accordance with the authority contained in the Strategic and Critical Materials Stockpiling Act, Public Law 520-75th Congress, as amended. The Director, Office of Emergency Planning is responsible, under a delegation of authority from the President (E.O. 11051), for designating the materials which are strategic and critical and for establishing the quality and quantity of each material that shall be stockpiled.

2. Policy and Objectives:

To date stockpile objectives have been based on the requirements for support of a conventional (limited) war. The Executive Stockpile Committee established by the President on February 7, 1962, included in its March 1962 report a recommendation that:

> "... a study shall be made of the proper scope of stockpile objectives for general nuclear war and the extent of the stockpile necessary for the reconstruction period."
> This Committee also recommended that:
> "...The departments and agencies having responsibilities for supply-requirements studies begin immediately such studies for both limited and nuclear war (including reconstruction)."

These recommendations were approved by the President on April 10, 1962, in National Security Action Memorandum No. 142.

Defense Mobilization Order 8600.1 issued by the Director, OEP, sets forth the general policies for strategic and critical materials stockpiling, and is based in part on the recommendations of the Executive Stockpile Committee. It includes the policy that "Strategic stockpile objectives shall be adequate for limited or general war, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling."

3. Establishment of Objectives:

New conventional war objectives were established by the Director, OEP in 1963-64. These are normally reviewed periodically and revised, if necessary.

OEP has not established specific objectives for nuclear war. Following approval by the President of the recommendations in the Executive Stockpile Committee's March 1962 report, investigations were initiated to develop methods whereby such objectives could be determined.

The OEP nuclear war study utilizes a National Resources Evaluation Center computer procedure--"Nuclear Attack Hazards in Continental United States (NAHICUS-63)"--to determine the probability of damage from nuclear attack on various resources,

population and facilities and the surviving capabilities of the economy. OEP has based its study on the 25 percent probability level (i.e., in 25 out of 100 attack trials involving six various possible types of attacks, the damage or denials, as determined by the NAHICUS-63 procedures, would be greater than the indicated level for any point or resource and in the other 75 cases it would be less. This is a 3 to 1 chance that the indicated level of damage will not occur). The OEP expects also to evaluate the 1%, 10% and 50% probability levels. The output capabilities at this probability level are then modified--using the Office of Business Economics (OBE) official inter-industry data issued in November 1964--to reflect the ability of various sectors to support other sectors and to determine inter-industry demands.

The estimated post-attack requirements that would be placed on the economy are being developed with the assistance of the 30 Federal departments and agencies that have been assigned planning responsibilities by Executive Orders for various resources or sectors of the economy. Post-attack final demand goals (personal consumption, Government, investment and net exports) are being developed. The OBE inter-industry tables will be used to convert these final demands into total output goals for each segment of the economy. A comparison of these with the potential surviving capabilities will identify those resources

that would be in short supply in a post-attack economy. Detailed analyses of these shortage areas will be conducted to evaluate the various possible methods--substitution, reduction in demands, etc.--by which they could be alleviated or eliminated. Finally, after all adjustments are made, stockpile objectives that would eliminate remaining shortages can be determined.

Nuclear War Stockpiling--The Issues

Of the various criteria which bear on specific nuclear war stockpile objectives, the Committee has given special consideration to the following questions:

1. Is nuclear stockpiling being considered in the context of a balanced posture relating military and non-military security and non-security national objectives?

2. Are existing analyses, assumptions, goals, and techniques realistic and adequate for the purpose of determining stockpile objectives?

Discussion and Conclusions

The stockpiling of raw materials for the contingency of a nuclear war is but one facet of a complex of nuclear war deterrence and combat activities including strategic offensive and defensive forces, civil defense programs, and medical and food stockpile programs. The objectives of these forces and programs

are: (1) to deter deliberate nuclear attack, (2) should deterrence fail, to limit damage to our population and industrial capacity, and (3) to provide for the survival of the Nation. It is important that we achieve a sensible balance in our overall nuclear posture. Balance implies a testing of each element in this array against all others in terms of relative contribution. At each successive level of the aggregate of defense spending, it requires the dedication of available resources to those elements exhibiting the greatest marginal payoff. And, in measuring payoff, it is clear that the primary objective of our programs has been and is the deterrence of nuclear attack and that secondary objectives have been the immediate survival of our population and the post-attack survival and reconstruction of the economy.

Studies by the Department of Defense of a number of balanced defense postures have shown that a Soviet attack in 1970 could result in U.S. fatalities of from 122 million to 149 million of a total population of 210 million, depending upon the assumption used with regard to the timing and nature of the attack against U.S. cities and given the approved U.S. damage limiting program. Analysis of the effect of additions to the approved program in reducing fatalities has shown the high utility of a nationwide fallout shelter program in a major attack situation and that,

related to other military defense measures, such as added ballistic missiles or anti-missile systems, such a program should be a necessary part of any expanded damage limiting program. In general, because of the threat from radioactive fallout, the most important element in the national economy--our population--is also the most vulnerable. The first task in survival planning should, therefore, be to reduce this vulnerability.

Post-shelter and longer-term survival of the population and restoration of the productive capability of the economy are also highly important and cannot be ignored. However, immediate survival in the event of an attack remains the critical first objective; indeed longer term survival and reconstruction program needs are dependent upon immediate survival levels. In part because of the reluctance of the Congress to authorize the fall-out shelter program proposed by the Administration, we have hardly begun to invest in this area of national defense.

In contrast, we already have a high level of stockpile inventories. These circumstances plus the uncertainties which exist on the likelihood, scale and form of a nuclear war suggest that it will be most difficult to demonstrate a greater utility for additions to present stockpile objectives than for additions

to immediate survival programs. Some of these uncertainties are noted in the approved "Guidance for Non-Military Planning," which states that "Deliberate initiation of general war against the United States by the USSR is highly unlikely during the next decade, but it is possible. Initiation of such a war against the U.S. by Communist China during the period is even more remote ..." Regarding military needs, the Guidance observes that "the requirements for military hardware and related supplies would be less than those generated by large-scale and protracted limited war."

Similar difficulties exist in evaluating the form which a nuclear stockpile might take. A stockpile of raw materials will have some eventual utility in most imaginable post-attack environments. However, we find little evidence at this time which would justify setting nuclear war stockpile requirements higher than those for conventional war in the face of uncertainties about the size of the surviving population and its needs.

The approved "Guidance for Non-Military Planning" states, for example, that great and unpredictable damage to the domestic production base would result in a requirement for a different type of stockpile for nuclear war than for limited war, requiring "more emphasis in stockpiling of finished products, such as construction equipment, rail equipment, prefab buildings, and survival equipment."

The current supply-requirements studies for nuclear war and reconstruction represent a valuable step in the development of techniques for estimating post-attack needs and for uncovering problems and bottlenecks which might be encountered. These studies should be continued. The OEP is utilizing some of the latest methodologies available (such as inter-industry techniques and input-output tables prepared by the Office of Business Economics in the Department of Commerce). However, the Committee notes some of the underlying assumptions and data for the studies have certain limitations. The NAHICUS-63 procedure, for example, currently uses data on enemy capabilities and U.S. defense capabilities which are not up to date. The procedure also assumes that "follow-on" attacks would not have any significant effect on the study results and that conventional hostilities will continue after a nuclear attack on the United States. The OEP, with the cooperation of the JCS and the Department of Defense, is now assembling improved data from which new evaluations, to be designated HAZARD-70, can be prepared. These will be available sometime in 1966, and should be used to revise the results of the present studies. With regard to assumptions concerning follow-on attacks; the form, likelihood, and scale of continuing conventional hostilities; and what should constitute an acceptable "risk-level," the Committee recommends that the OEP and the

Department of Defense jointly examine these issues and bring appropriate policy questions to the Executive Stockpile Committee for review.

Recommendation

In the light of these considerations, the Committee concludes that it would be premature to establish formal nuclear stockpile objectives. The Committee has no absolute basis for denying that a nuclear stockpile may be needed (or even that current studies will in fact generate objectives higher than those for the conventional war stockpile). However, the Committee does not judge that an adequate case can be made at this time for the formal establishment of separate nuclear war stockpile objectives. It does not appear that postponing establishment of formal nuclear war objectives until planning assumptions and analytic procedures are improved will entail a great degree of risk. On the basis of preliminary data from the current studies, the OEP does not anticipate that for many items nuclear stockpile requirements will be significantly higher than existing objectives. On the other hand, the risks of setting formal objectives on the basis of the present timetable are the difficulty of subsequently renouncing the objectives should later analyses show these to be excessive and the

possible loss of receipts from the sale of materials which otherwise would have been excess.

We therefore recommend that the OEP supply-requirements studies should continue--and that they be revised to reflect HAZARD-70 when available--but that the results of the current study be regarded as tentative and unofficial and announcement of any higher objectives generated by that study be withheld pending further review by the Executive Stockpile Committee.

THE CONVENTIONAL WAR STOCKPILE

The Existing Stockpile

Present stockpile objectives are based on the determination of supply-requirement deficits in a conventional war situation. Some of the more important of the currently used assumptions are:

1. The stockpile shall be adequate for the conduct of a three-year war. It appears that this assumption requires materials sufficient to support production for three years, regardless of the levels of end items on hand prior to the outbreak of hostilities which would support combat consumption for a significant portion of the hypothetical three-year period.

2. For purposes of establishing ceilings, per capita civilian consumption is assumed (May 8, 1963, guidelines) to decline for durable goods (by 21% over the three year period), although per capita expenditures for non-durables and for services are assumed to increase steadily over prewar levels.

3. No reliance shall be placed on imports from foreign sources of supply beyond North America and comparably accessible sources (Mexico and the Caribbean) during an emergency. However, for exports, it is assumed that materials will be exported to the extent that a country is normally dependent upon the U. S.

4. Accessible foreign sources of supply shall be discounted to reflect internal risks and risks of concentration in supply

countries. Domestic supplies shall be discounted to reflect vulnerability to sabotage.

The OEP directs the conduct of supply-requirements studies and stockpile objectives with the assistance of the Interdepartmental Materials Advisory Committee (IMAC). In preparing the individual studies, requirements are divided into three categories: Military requirements for materials based on military production schedules (estimated by Defense); defense-supporting and essential civilian requirements (estimated by OEP and the Business and Defense Services Administration on the basis of GNP projections and historical experience); and exports (estimated by the Department of Commerce and/or the Department of State on the basis of historical usage). At the same time, supply data are estimated by the Departments of Agriculture, Commerce, and Interior. These sets of data are submitted to commodity committees (chaired by OEP specialists) who review the data, factor supply estimates to reflect various risks, and prepare basic data sheets for IMAC review. Guidance on risk factoring is prepared by DOD (accessibility of foreign sources and ocean shipping losses) and the Department of State (dependability of supply countries on the basis of economic and political factors). The IMAC review results in approval or disapproval of the supply-requirements data and leads to the setting of stockpile objectives by the OEP Director.

The status of selected items in the national stockpile as of last June 30 is shown in table 1. As noted previously, the objectives represent those determined for conventional war as a result of studies completed in 1964. The large excesses shown result primarily from action taken in 1958 to lower objectives from a 5-year to 3-year emergency period assumption.

Inventories of Selected Strategic Materials and Market Value

June 30, 1965

Commodity and quantitative unit	Stockpile objective		Excess to objective	
	Units (000)	Dollars (millions)	Units (000)	Dollars (millions)
Aluminum: short ton.....	450	220.5	1,443	707.2
Chromite metallurgical: short dry ton.....	2,970	145.5	2,324	173.9
Copper: short ton.....	775	560.4	227	163.6
Lead: short ton.....	0	0	1,309	418.8
Nickel: short ton.....	50	75.0	161	241.0
Rubber: long ton.....	130	74.8	662	380.8
Tin: long ton.....	200	801.9	92	367.8
Tungsten: pound.....	44,000	113.3	116,122	296.1
Zinc: short ton.....	0	0	1,416	410.8
Subtotal.....	-	1,991.4	-	3,160.0
Other materials--stockpile grade.....	-	1,821.2	-	960.8
Other materials--nonstockpile grade and without objectives	-	-	-	218.4
Total market value of inventories	-	3,812.6	-	4,339.3
Materials on order (principally barter).....	-	.6	-	38.6

Issues and Discussion

The Committee has satisfied itself that several of the basic assumptions underlying the conventional war stockpile objectives are too cautious and result in a substantial overstatement of objectives.

1. The three-year war assumption.--This assumption is not fully consistent with contemporary military planning. The Department of Defense has explicitly rejected a long World War II style of war as a model for planning purposes. For example, in announcing the proposed realignment of Army reserve forces earlier this year, the Secretary of Defense indicated that "Our analyses of the various kinds of limited war situations we are likely to face over the balance of this decade indicate a requirement for an Army force of about 22 divisions, plus two special purpose divisions specifically tailored for use within the Western Hemisphere. Sixteen divisions are provided in the active army. The other eight divisions (including the two special purpose divisions) plus all of the units needed to round out the 24-division force, can and should be provided within the Army reserve component structure and all of the resources and efforts devoted to the reserves should be directed to raising their combat readiness to the required level. The existing reserve component structure still devotes considerable resources to units for which there is no requirement in our contingency war plans, namely, the 21 divisions and various non-divisional units in the "low priority category." The Department

has also recently adjusted the level of support to six months across the board for all services except for ammunition for Army non-NATO forces, which remains on a D to P basis. It should be noted in determining military requirements that our European allies presently maintain only a limited capability for sustained combat (10 to 60 days of combat consumption).

We have made the reasons for rejecting the notion of a long conventional war clear in our internal planning and in discussions with our allies. In the critical European area, both sides possess enormous nuclear capabilities. Because an attack on Western Europe would constitute such a grave peril, we would be obliged to apply whatever force was needed to counter it. With stakes so high, the likelihood of a large-scale Soviet invasion there is remote and, if it happens, the probability of the conflict continuing at a sustained high level of intensity without escalating into a nuclear conflict is similarly remote. Conventional war conflicts in other parts of the world are more likely, but, because the forces of potential aggressors other than the Soviet Union are smaller and less effective, the probability of a single conflict or several simultaneous limited wars collectively approaching the World War II scale is even less likely than in Europe. On the basis of its studies of a representative group of limited war situations in areas outside of Europe, including simultaneous conflicts in two different areas, the Department foresees no probable instance in

which it would have a requirement for more than the presently programmed force.

Current Defense logistic support guidance is both a reflection and a determinant of the low likelihood of a drawn-out conventional war of large scale. For the Army, current logistics guidance for combat equipment is generally D plus 6 months for 22 divisions; for ammunition, the objective is D plus 6 months for the 8 divisions in or reserved for Europe and D to P (from the outbreak of hostilities to the point where production catches up to consumption) only for the 14 divisions. Prior Army guidance provided stocks equivalent to D to P for all war reserves for a 16 division force. The Marine Corps is subject to a D plus 6 months objective, as are the Air Force and the Navy with regard to ordnance and other related consumables.

Our European allies are, on the whole, not stocked to support even 30 days of combat consumption and their budget plans through 1970 indicate no intention to improve this status, despite several years of U. S. pressure on them to bolster their war reserves. Our non-European allies are even less able to support sustained combat operations. Further, the U. S. has not proposed to build up such reserves for these allies. (We would, of course, honor our commitments to MAP recipient countries in the event of hostilities involving them.)

Finally, the Committee notes that the three-year assumption appears to equate the supply of finished goods with the availability of raw materials. A stockpile designed to provide materials for three years of production would generate finished products up to one year after hostilities have ceased due to the lag in conversion of raw materials into end items. In effect, therefore, current stockpile objectives would provide production support for up to a four-year war.

2. Accessibility of foreign sources of supply.--Department of Defense judgment on the accessibility of foreign sources of supply in conventional war situations has been approved in the OEP-issued "Guidance for Non-Military Planning," which states that "In the event of direct hostilities between the U. S. and the Soviet Bloc, material resources from all nations except Eurasian Communist states, the northern tier of the middle East (Iran, Iraq, and Afganistan), and Southeast Asia would probably be accessible." However, present stockpile goods have been set on the assumption that overseas supply would be restricted generally to the Caribbean area, Mexico, and Canada.

In view of present and prospective ASW forces, Secretary McNamara has states "... we now believe that our ASW forces may be large and capable enough to ensure the resupply of our forces even during simultaneous conflicts in Europe and in the Far East."

Defense believes that a heavy toll of Soviet submarine forces would be taken in the very early stages of general conventional war. So long as this posture is maintained, the Committee endorses the OEP-issued "Guidance" document which assumes the availability of supplies from most of the Free World. also We/believe that assumptions regarding continued exports by U. S. during hostilities and imports during such periods should be consistent with each other.

Recommendations

It is the opinion of the Committee that the foregoing factors have led to the establishment of too high conventional war stockpile objectives. Therefore, the Committee makes the following recommendations:

1. The conventional war stockpile should be designed basically to provide production support for no more than the approved Defense force structure for no more than a period of two years.--The DOD guidance to OEP, assuming a commitment of 22 divisions fully engaged by D + 6 months, should continue to be the force level basis used in requirements planning and determination. However, military support should be limited to production for a two-year period, both in recognition of the lag in conversion of raw materials into end items and of the low probability that a long conventional war would occur. Even in this case, end items would continue to roll off assembly lines if needed for up to the end of the third year of hostilities.

2. Supply availability factoring should be broadened.--Accessibility assumptions contained in "Guidance for Non-Military Planning" as well as assumptions concerned with the probable low level of transit losses should be followed closely.

3. The Office of Emergency Planning should estimate new tentative stockpile objectives in accordance with the above recommendations.--These tentative objectives will be provided by December 15, 1965, for review by the Executive Stockpile Committee. The OEP should include with the tentative objectives a summation of all other significant assumptions used in their preparation (e.g., transit loss assumptions, export levels during wartime, etc.).

Pending the review of these materials by the Committee, present conventional war stockpile objectives will remain in force and will be considered the approved stockpile objectives.

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March 5, 1965

MEMORANDUM FOR MR. BUNDY

Mac --

The meeting of the Special Committee on Stockpile Objectives that was scheduled for the Situation Room on Tuesday now appears to be largely a briefing and discussion meeting that I suggest you can skip without any loss. Accordingly, I have transferred the meeting from the Situation Room to one of the OEP conference rooms.

OK

Harry Rowen and I have been working on the arrangements for the meeting and he has gotten the Department of Defense Controller's Office to agree to brief the working group of the Committee on the military assumptions now in use within the DOD that should be the basis for guiding stockpiling operations. As you may know, one of the things the Bureau of the Budget (and to some extent OEP) has been complaining about has been the fact that the DOD has not been using the same planning assumptions with respect to the character and duration of likely hostilities for both its own internal purposes and for guiding OEP. In part this may be due to bureaucratic difficulties because different parts of the DOD are involved, but there may be certain philosophical reasons as well. This is what we hope to flush out on Tuesday.

OK

Harry and I will keep you informed of what happens.

Charles E. Johnson

NSAM 321

2/13/65

13

~~CONFIDENTIAL~~

Dear Mr. Kelly:

The participation of the Department of the Interior in the work of the Special Committee on Stockpile Objectives established under NSAM No. 321 would help the Committee carry out the assignment it received from the President and there can be no objection to arranging for such participation.

As you know, this Committee is a temporary one established solely for the purpose of reviewing the general policy, planning premises and procedures now being followed and the determination of specific stockpile objectives. The Committee is not expected to concern itself directly with any stockpile or disposition decisions as such. However, the views of the Department of the Interior would be helpful to the Committee in carrying out its assignment.

Accordingly it is suggested that the Department of the Interior designate an appropriate representative to sit with the group and report his name to Mr. Charles E. Johnson on my staff who is assisting me in organising the work of the Special Committee.

A copy of NSAM No. 321 is attached for your information.

Sincerely yours,

/s/

McGeorge Bundy

Mr. John M. Kelly
Assistant Secretary
Department of the Interior
Washington

~~CONFIDENTIAL~~

13a

~~CONFIDENTIAL~~ February 10, 1965

MEMORANDUM FOR MR. WILLIAM CAPRON

Bill --

I see no problem in letting Interior get into the act. I told Florey when he called me about it this morning that we were reviewing planning procedures and premises and we were not concerned with any specific stockpile decisions. He said that the Department was very interested in participating and I told him that my own personal first reaction was favorable. Do you have any objection to our sending Interior the same kind of a letter that we recently sent to State? I share your view that we ought to keep these groups small, but in view of the popularity of this exercise I would rather have Interior on the Committee than having hurt feelings.

Charles E. Johnson

NOTE FOR MR. BUNDY February 12, 1965

Mac --

Bill Capron orally concurred in the desirability of adding Interior to the membership of the Committee.

CEJohnson

~~CONFIDENTIAL~~

OK I told CEJ 2/12/65 MV

THE WHITE HOUSE
WASHINGTON

file

136

February 11, 1965

MEMO TO: Mr. Charles Johnson
National Security Council

John Kelly has sent me a copy of his letter to you regarding the committee set up to make recommendations on criteria for nuclear war stockpile objectives.

It seems to me on the face of it that it would be appropriate to include the Secretary of the Interior, especially since they seem to have made a bit of a fuss about it.

Lee C. White
Associate Special Counsel
to the President

~~CONFIDENTIAL~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C. 20240

13c

FEB 10 1965

Dear Mr. Johnson:

We understand that there will soon be convened a Cabinet level committee to review the criteria for strategic stockpiling under the chairmanship of Mr. McGeorge Bundy. We request that the Department of the Interior be included in its membership.

The Department of the Interior has responsibilities for ensuring an adequate supply of metals and minerals to meet military and essential needs in both a conventional and nuclear war from current production and the stockpiles. Materials within the wartime supply responsibility of this Department constitute nine-tenths of the stockpile inventory. The importance of this Department in stockpile planning for wartime has been recognized since the enactment of the Strategic and Critical Materials Stock Piling Act of 1946, when full responsibility for the formulation of stockpile policy and its implementation was delegated by the Congress to the Secretaries of War, Navy and Interior, acting jointly. This Department has participated actively in all Executive Branch reviews of stockpiling policy subsequent to 1946, and in view of our continuing responsibility for ensuring an adequate supply of metals and minerals in wartime we can see no reason for an exception in connection with the current review.

Sincerely yours,

John M. Kelly

Assistant Secretary of the Interior

Mr. Charles E. Johnson
Staff Member
National Security Council
Washington, D. C.

~~CONFIDENTIAL~~

2309

1034

~~CONFIDENTIAL~~

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

cc Johnson

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13 MAR 1965

MEMORANDUM FOR MR. MCGEORGE BUNDY
THE SPECIAL ASSISTANT TO THE PRESIDENT (NSA)

SUBJECT: National Security Action Memorandum No. 321

This is to inform you of a change regarding the Office of the Assistant Secretary of Defense (Comptroller) Systems Analysis member of the Special Committee on Strategic Stockpile Objectives established in conformance with National Security Action Memorandum No. 321 dated December 1, 1964. In my memorandum to you dated December 10, 1964, Dr. Lee Q. Niemela was nominated. He is to be replaced by Dr. Martin C. McGuire who will act as a Consultant Member (OX5-6189) and who will be available on a part time basis.

Joseph A. Califano, Jr.
The Special Assistant to the
Secretary and Deputy Secretary of Defense

~~CONFIDENTIAL~~

DEPARTMENT OF STATE
WASHINGTON

IN REPLY REFER TO:

FEB 13 1965

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: Special Committee on Stockpile Objectives

Will you please inform Mr. Charles E. Johnson of your staff that the Department of State has designated Assistant Secretary G. Griffith Johnson as its representative on the Special Committee on Stockpile Objectives established under NSAM No. 321. This notice is sent to you in accordance with the suggestion in your memorandum to me of January 27, 1965.

/s/ B. H. Read
Benjamin H. Read
Executive Secretary

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL

January 27, 1965

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NOTE FOR MR. BUNDY

Mac --

I don't see any great need for State participation on the Committee, but turning them down would be misinterpreted in the Department and I am inclined to go along with them.

I have been working with the Bureau of the Budget and OEP on organizing the work of the Committee and hope to have a specific recommendation on the first meeting in the next day or two.

C. E. Johnson

NSAM 321

January 27, 1965

~~CONFIDENTIAL~~

MEMORANDUM FOR THE EXECUTIVE SECRETARY,
DEPARTMENT OF STATE

The participation of the Department of State in the work of the Special Committee on Stockpile Objectives established under NSAM No. 321 would help the Committee carry out the assignment it received from the President and there can be no objection to arranging for such participation.

As you know, this Committee is a temporary one established solely for the purpose of reviewing the general policy, planning premises and procedures now being followed and the determination of specific stockpile objectives. The Committee is not expected to concern itself directly with any stockpile or disposition decisions as such. Therefore, there is no immediate prospect of the work of the Committee having an impact on the economies of other countries and there need not be any concern on that score. However, the views of the Department of State with respect to the climate of international opinion, future developments in international trade and the military picture would be a welcome input for the Committee.

Accordingly it is suggested that the Department of State designate an appropriate representative to sit with the group and report his name to Mr. Charles E. Johnson on my staff who is assisting me in organizing the work of the Special Committee.

McGeorge Bundy

~~CONFIDENTIAL~~

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ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.

1064

DEPARTMENT OF STATE
WASHINGTON

C. Johnson

~~CONFIDENTIAL~~

January 26, 1965.

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MEMORANDUM FOR MR. McGEORGE BUNDY

THE WHITE HOUSE

SUBJECT: Department of State Representation on the Special Committee on Stockpile Objectives

There has come to my attention a copy of NSAM no. 321, establishing a Special Committee on Stockpile Objectives. The interests of the Department of State are very much affected by developments in this field. The fixing of stockpile objectives has implications both for procurement for stockpiling and disposal of surpluses which, in turn, can importantly affect the supply and prices of the strategic commodities involved. Many of these are highly important to economies of friendly, developing countries in sensitive areas of the world. The Department of State has membership in the regular interagency committees which deal with these matters. Although the Department is not an addressee on NSAM no. 321, I will greatly appreciate it if arrangements can be made to include the Department of State in the membership of the important, new committee which is being established in this field.

Benjamin H. Read
Executive Secretary

CONFIDENTIAL

NSAM-321

335

C. Johnson

DEPARTMENT OF STATE
WASHINGTON

IN REPLY REFER TO:

JAN 6 1965

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. McGEORGE BUNDY

THE WHITE HOUSE

SUBJECT: Department of State Representation on the Special Committee on Stockpile Objectives

There has come to my attention a copy of NSAM no. 321, establishing a Special Committee on Stockpile Objectives. The interests of the Department of State are very much affected by developments in this field. The fixing of stockpile objectives has implications both for procurement for stockpiling and disposal of surpluses which, in turn, can importantly affect the supply and prices of the strategic commodities involved. Many of these are highly important to economies of friendly, developing countries in sensitive areas of the world. The Department of State has membership in the regular interagency committees which deal with these matters. Although the Department is not an addressee on NSAM no. 321, I will greatly appreciate it if arrangements can be made to include the Department of State in the membership of the important, new committee which is being established in this field.

/s/ J. W. Davis

Benjamin H. Read
Executive Secretary

~~CONFIDENTIAL~~

Douglass Cater

December 7, 1964

NOTE FOR MR. BUNDY

SUBJECT: Stockpiling Review Release

I recommend that the proposed release be issued.

In my opinion this project is consistent with and supports the Administration's "tight fist" policy. In addition, it will be strongly supported by Senator Symington and others who feel that U. S. stockpiling has been excessive and far too costly than can be justified under present circumstances.

I think this initiative will possibly pre-empt a Congressional initiative and permit us greater flexibility to maneuver than we would have if we were responding to a Congressional inquiry.

Charles E. Johnson

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December 4, 1964

To: McGeorge Bundy

From: Douglass Cater

Here is a draft press release prepared by Chuck Johnson and Bob Hunter of my office.

George Reedy says he would like to issue it if ~~it is~~ it is O.K. with you.

Will you forward it to him?

DRAFT OF PRESS RELEASE ON STOCKPILING REVIEW

20

President Johnson announced today that he has directed his Administration to undertake a comprehensive review of overall Government policies regarding the stockpiling of strategic materials.

The review will be concerned with ways by which the Government can best determine, on a current basis, potential stockpiling requirements, methods of supply, and policy ~~implications~~ alternatives in lights of current military judgment of the Joint Chiefs of Staff. Initial findings and recommendations will be made to the President by April 1, 1965.

This review is part of a continuing effort by the Government to tailor the National Stockpile inventory more closely to potential requirements. As the Office of Emergency Planning stated in its Stockpile Report to Congress covering the period January - June 1964, the total value as of June 1964 of all Government inventories of strategic and critical materials was $7.8 billion at estimated market value. Of these inventories, $4.3 billion worth had already been determined to be in excess of current stockpile objectives. As of June 30, 1964, the Government had made commitments for the orderly disposal of excess materials with a total sales value of $727.5 million.

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President Johnson announced today that on the recommendation of the Director of the Bureau of the Budget he has appointed a Special Committee on Stockpile Objectives, under the chairmanship of the Special Assistant to the President for National Security Affairs, to undertake a comprehensive review of overall Government policies regarding the stockpiling of strategic materials.

The Committee was established to study ways by which the Government can best determine, on a current basis, potential stockpiling requirements, methods of supply, and policy implications in light of current military judgment of the Joint Chiefs of Staff. Initial findings and recommendations will be made to the President by April 1, 1965.

The members of the Special Committee on Stockpile Objectives are:

Special Assistant to the President for National Security Affairs McGeorge Bundy -- CHAIRMAN;

Secretary of Defense Robert S. McNamara;

Secretary of Commerce Luther H. Hodges;

Director of the Bureau of the Budget Kermit Gordon;

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The appointment of the Special Committee is part of a continuing effort by the Government to tailor the National Stockpile inventory more closely to potential requirements. At the end of fiscal year 1964, the total value of specification-grade materials in all Government inventories was $7.8 billion at current prices. Between January 1961 and the end of June 1964, the Government made commitments to dispose of excess materials with a total sales value of $395.5 million.

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The Committee was established in order to determine how best the Government can determine, on a current basis, the potential stockpiling requirements in light of changing foreign and military policy, and to improve the coordination essential for improving the making of polciy decisions rearding stockpiling. Initial findings and recommendations of the Committee which will embody the judgment of all the Government departments concerned with stockpiling, will be presented to the President before Aproil 1, 1965.

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Luther B. Hodges, Secretary of Commerce

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209

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21

THE WHITE HOUSE
WASHINGTON

December 1, 1964

TO MR. GEORGE REEDY

FROM Douglass Cater

Charles Johnson of Bundy's staff has prepared a National Security Action Memorandum which the President may sign this week. It sets up a study group to review and report on stockpiling policy.

If you are interested, Johnson can draft a press release.

Doug
Yes
I am interested
Draw up the release.
GER

21a

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NATIONAL SECURITY COUNCIL

2 1 b

November 30, 1964

NOTE FOR MR. DOUGLASS CATER

Doug --

Here are the documents that went to the President this morning. I will let you know when he has signed them and then we can talk about working something up for George Reedy.

Charles E. Johnson

November 27, 1964

21c

MEMORANDUM FOR MR. BUNDY

Mac --

Since doing the longer transmittal memo to you, Bill Capron told me that Kermit, thinking the file had already gone forward to the Ranch, raised this matter with the President and found the President quite interested and eager to sign the directive to get the study underway.

Since returning, Gordon has passed word to Valenti that the draft directive is in the works and would reach the Ranch for the President's attention "on Monday" as he said to Gordon.

/s/
Charles E. Johnson

Also, handwritten message --

Kermit also hopes you don't kick about being the chairman. He thinks his staff can minimize the demand on your time. He thinks your leadership is absolutely essential to a favorable result.

November 27, 1964

2ld

MEMORANDUM FOR MR. BUNDY

Mac --

The McNamara-Gordon recommendation to the President contained in their memorandum of October 26 on stockpiling policy has been reviewed with these results:

(1) There is agreement that a recommendation should be made to the President that he appoint a study group with you as the chairman, to review and report to him on stockpile policy. It would be the President's decision if he at some later time wanted to place the report formally before the National Security Council for its comments.

(2) In addition to the members proposed by McNamara and Gordon, there should be added the Secretary of Commerce and Special Assistant for Science and Technology.

(3) Ed McDermott suggested that the Chairman of the Council of Economic Advisers and the Budget Director be observers rather than members of the Committee. He does not feel strongly on this matter and the others involved strongly recommend that they be kept as full members.

(4) The placing of the chairmanship in your office is generally agreed to be a key element in this operation because this study is deliberately being thought of as having very important national security aspects which must predominate over the domestic political considerations which have figured too largely in determining stockpile policy up to now. This, however, means that there must be a balanced and sophisticated political and military judgment exercised rather than the heavy-handed military logistics premises that have been used in the past to establish the military premises for stockpile planning.

(5) The NSAM for the President's signature has been prepared with a view to White House release. It is agreed that there is so much Congressional interest in national stockpile policy and so many strong economic interests involved in the Government's determinations in this field that it would be virtually impossible to keep the fact of this study secret. On the contrary, it would be in the Government's interest to announce the study and to pre-empt this field in anticipation of possible Congressional initiatives.

(6) I have talked this over with Francis Bator and we both urge you to recommend that the President sign the NSAM.

Charles E. Johnson

21e

MEMORANDUM FOR THE PRESIDENT

This is the directive relating to a review of our strategic stockpile objectives that you discussed with Kermit Gordon the other day. I add my endorsement to that which you have already received from Kermit Gordon, and also recommend that you sign the directive.

McGeorge Bundy

THE WHITE HOUSE

WASHINGTON

21f

~~CONFIDENTIAL~~

NATIONAL SECURITY ACTION MEMORANDUM NO.

TO: The Secretary of Defense
The Secretary of Commerce
The Director, Bureau of the Budget
The Director of Emergency Planning
Special Assistant for National Security Affairs
Special Assistant for Science and Technology
The Chairman, Council of Economic Advisers

SUBJECT: Review of Strategic Stockpile Objectives

I approve the recommendation of the Director of the Bureau of the Budget, which was concurred in by the Director of Emergency Planning and the Secretary of Defense, that a review be undertaken of national stockpile policy.

Specifically I direct that a study, in light of the current military judgment of the Joint Chiefs of Staff, be made of how the Government can best determine on a continually current basis: a) the material resources which would be required to win such conventional wars as seems most likely that we might have to fight, b) those resources that would be required to rehabilitate the economy and social organization of the country following a major nuclear exchange, should the U. S. be forced to deal with either of these contingencies, c) the alternative means available to provide these resources, and d) the policy implications (including fiscal and national security) of alternative courses of action.

The study will devote particular attention to:

(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

~~CONFIDENTIAL~~

(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency.

To organize and coordinate this study, I hereby establish a Special Committee on Stockpile Objectives with my Special Assistant for National Security Affairs as its chairman. The other members will be the Secretary of Defense, the Secretary of Commerce, my Special Assistant for Science and Technology, the Director of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget. In conducting this study, this Committee will draw on the resources of all departments and agencies as appropriate.

I request that the Committee report its initial findings and recommendations to me by April 1, 1965.

6121

~~CONFIDENTIAL~~

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

10 DEC 1964

MEMORANDUM FOR Mr. McGeorge Bundy
Special Assistant to the President
(National Security Affairs)
The White House

SUBJECT: National Security Action Memorandum No. 321

Pursuant to the telephonic request from Mr. Johnson of your staff, the following representatives of the Department of Defense are designated as working members of the Special Committee on Strategic Stockpile Objectives established in conformance with National Security Action Memorandum No. 321, dated December 1, 1964:

Robert S. McNamara, The Secretary of Defense
Member of the Committee of Principals

Mr. Eckhart Bennewitz, Director of Weapons Systems Scheduling and Analysis, Office of Assistant Secretary of Defense (I&L), Working Member (OX5-6322)

Mr. Carl Rolle, Directorate of Weapons Systems Scheduling and Analysis, Office of Assistant Secretary of Defense (I&L), Alternate Working Member (OX7-6800)

Rear Admiral Nels C. Johnson, Strategic Plans and Policy, J-5, Joint Staff, Working Member (OX7-8510)

Colonel R. C. Bulgin, J-5, Joint Staff, Alternate Working Member (OX7-4612)

*Dr. Lee Niemela, Office of the Deputy Assistant Secretary of Defense (Systems Analysis), Consultant Working Member, (OX7-5056)

*Dr. Niemela will be available on a part-time basis to assist in the review of committee papers and to participate during working sessions of special concern to the Assistant Secretary of Defense (Comptroller).

~~CONFIDENTIAL~~

Sec Def Cont Nr. X - 6963

Mr. Bennewitz is designated point of contact for Department of Defense participants.

Signed
Joseph A. Califano, Jr.

Joseph A. Califano, Jr.
The Special Assistant

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON, D. C.

23

OFFICE OF THE DIRECTOR

December 7, 1964

Memorandum for Honorable McGeorge Bundy

Re: NSAM 321 - Review of Strategic Stockpile Objectives

I have received a copy of NSAM 321 and assure you of my interest in the subject study. The services of the appropriate elements of my staff will be available to this effort as required.

Edward A. McDermott
Director

Honorable McGeorge Bundy
The White House

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THE WHITE HOUSE

WASHINGTON

November 30, 1964

MEMORANDUM FOR THE PRESIDENT

This is the directive relating to a review of our strategic stockpile objectives that you discussed with Kermit Gordon the other day. I add my endorsement to that which you have already received from Kermit Gordon, and also recommend that you sign the directive.

McGeorge Bundy

December 1, 1964

24a

NATIONAL SECURITY ACTION MEMORANDUM NO. 321

TO: The Secretary of Defense
The Secretary of Commerce
The Director, Bureau of the Budget
The Director of Emergency Planning
Special Assistant for National Security Affairs
Special Assistant for Science and Technology
The Chairman, Council of Economic Advisers

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I request that the Committee report its initial findings and recommendations to me by April 1, 1965.

/s/ L. B. J.

LBJ:CEJ:feg

cc: C. Johnson
NSC Files

November 27, 1964

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MEMORANDUM FOR MR. BUNDY

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The McNamara-Gordon recommendation to the President contained in their memorandum of October 26 on stockpiling policy has been reviewed with these results:

(1) There is agreement that a recommendation should be made to the President that he appoint a study group with you as the chairman, to review and report to him on stockpile policy. It would be the President's decision if he at some later time wanted to place the report formally before the National Security Council for its comments.

(2) In addition to the members proposed by McNamara and Gordon, there should be added the Secretary of Commerce and Special Assistant for Science and Technology.

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Charles E. Johnson

NATIONAL SECURITY COUNCIL

November 27, 1964

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Charles E. Johnson

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THE WHITE HOUSE
WASHINGTON

12/1

27

Mr. Douglas Cater

Doug—

Here's some background for the Presidential Christmas on Antarctic policy.

Thanks.

27a

EXECUTIVE OFFICE
OF THE PRESIDENT

STOCKPILE REPORT
TO THE CONGRESS

JANUARY - JUNE 1964

OEP

OFFICE OF
EMERGENCY
PLANNING

STOCKPILE REPORT
to the Congress

JANUARY - JUNE 1964

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON, D. C. 20504

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON 25, D.C.

OFFICE OF THE DIRECTOR

November 16, 1964

Honorable Carl Hayden
President pro tempore of the Senate

Honorable John W. McCormack
Speaker of the House of Representatives

Sirs:

Pursuant to Section 4 of the Strategic and Critical Materials Stock Piling Act, Public Law 520, 79th Congress, there is presented herewith the semi-annual report to the Congress on the strategic and critical materials stockpiling program for the period January 1 to June 30, 1964.

A statistical supplement to this report was transmitted to you on October 6, 1964.

Sincerely,

Edward A. McDermott
Director

Contents

Summary

This report covers the principal activities in stockpile planning and management during the period January 1 through June 30, 1964, under the provisions of Public Law 520 (79th Congress), the Strategic and Critical Materials Stock Piling Act.

Defense Mobilization Order 8600.1 (formerly DMO V-7) was issued by the Director on March 30, 1964. This Order states that strategic stockpile objectives shall be adequate for limited or general, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling. DMO 8600.1 is included in this Report, page 28.

Supply-requirements studies, based on current military, industrial, and other essential needs in the event of a conventional war emergency, were completed for all stockpile materials and objectives for all materials in the stockpile were established by the Office of Emergency Planning. During the review, 107 determinations on materials in the stockpile were made, of which 79 determinations were made for basic materials and 28 determinations were made for subobjectives of stockpile materials in upgraded forms.

To develop potential nuclear war needs, studies of probable effects of nuclear attack on population, facilities and various resources, and estimates of the survival capabilities of the major segments of the economy were developed in the latter part of 1963 and modified to reflect the capability of each segment to support the other segments. Using these studies and additional OEP guidance, agencies having resource or claimant responsibilities in an emergency initiated development of estimates of their basic requirements for resources. This includes requirements not only for survival but also for rehabilitation and reconstruction of new facilities as needed.

At the end of the report period, the National Stockpile inventory of specification grade materials for which there are stockpile objectives was valued at about $5.6 billion, based on June 30, 1964, market prices. Comparison of the inventory to the stockpile objectives is shown in Chart 1. The total value of specification-grade materials in all Government inventories was $7.6 billion.

As of June 30, 1964, cumulative sales commitments for the disposal of surplus materials total approximately $727.5 million. During the period January 1, 1961, through June 30, 1964, commitments have been made to dispose of excess materials with a total sales value of $395.5 million. Of this amount, approximately $248.9 million have been disposed of during the 18-month period ending June 30, 1964. During January-June 1964, sales commitments amounted to $99.9 million, of which disposals from the National Stockpile totaled $74.3 million and disposals from the DPA inventory accounted for $25.6 million.

Introduction

Under Public Law 520, the Strategic and Critical Materials Stock Piling Act, the Director of the Office of Emergency Planning is authorized and directed to determine from time to time what materials are strategic and critical as well as the quality and quantities of such materials which shall be stockpiled.

On March 30, 1964, the Director of the Office of Emergency Planning issued Defense Mobilization Order 8600.1 (formerly Defense Mobilization Order V-7), "General Policies for Strategic and Critical Materials Stockpiling." The new order eliminates the stipulation that no objective shall be less than six months' usage by industry in the United States in periods of active demand. Under the order, strategic stockpile objectives shall be adequate for limited or general, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling. The full text of Defense Mobilization Order 8600.1 is shown on pages 28 and 29.

SUPPLY-REQUIREMENTS STUDIES—CONVENTIONAL WAR

As reported in an earlier Stockpile Report to the Congress, the Director of OEP determined, on June 17, 1963, that all new objectives would be established on the basis of a single objective for each material. During the January-June 1964 period, supply-requirements studies were completed for all stockpile materials based on current military, industrial, and other essential needs in the event of a conventional war emergency. Objectives for all materials in the stockpile were established with the advice and assistance of the Interdepartmental Materials Advisory Committee, a group chaired by OEP and composed of representatives from the Departments of State, Defense, the Interior, Agriculture, Commerce, and Labor, and the General Services Administration, the Agency for International Development, and the National Aeronautics and Space Administration. Representatives of the Bureau of the Budget, the Atomic Energy Commission, and the Small Business Administration participate as observers.

In the process of this review, 107 determinations on materials in the stockpile were made. Of this total, 79 determinations were made for basic materials and 28 determinations were made on subobjectives for upgraded forms of stockpiled materials. There were increases in 35 objectives, decreases in 32 objectives, and 6 objectives remained unchanged. Three new materials—quinine, thorium, and titanium sponge—were added to the List of Strategic and Critical Materials for Stockpiling and three other materials—hyoscine, silk noils, and raw silk—were removed from the List. In the case of the 28 subobjectives established for the upgraded forms of materials, 13 were increased, 7 decreased, 5 remained unchanged, and 3 new subobjectives—beryllium metal, morphine alkaloids and salts, and crystalline tungsten carbide—were added. The Summary on the following page shows the materials for which stockpile objectives were increased and those which were decreased as a result of the recent supply-requirements studies.

SUPPLY-REQUIREMENTS STUDIES—NUCLEAR WAR

The first phase of a study of the potential status of the economy following a nuclear attack on the United States was completed by OEP during the previous six-month period. Utilizing studies made by the National Resource Evaluation Center of the probable effects of nuclear attack on population, facilities, and various resources, estimates of the surviving capabilities of the major segments of the economy were developed. These were modified to reflect the capability of each segment to support the other segments. Manpower, raw materials, transportation, and communications and other inputs must be available if surviving facilities are to continue to produce items. Next, the potential needs of Government, consumers, and industry, and for export were developed for the output of finished goods and services from the same broad segments of the economy. These were translated into requirements for the gross outputs from the various sectors through the use of an inter-industry table, which relates the input of needs of one segment to the output of other segments providing the needed goods and services.

The results of the OEP analyses were furnished to all departments and agencies having resource or claimant responsibilities during an emergency. Under guidance issued by OEP, these departments and agencies initiated studies during January-June 1964 to analyze the postattack economy in more detail, but within the limits set by OEP. The study will include not only the resources necessary to the continued operations of surviving facilities, but also those necessary to rehabilitate damaged facilities or to construct new facilities in order to provide for the postattack needs of the Nation. This effort will continue through FY 1965, and perhaps longer, and will provide the basis for determining stockpile objectives for nuclear war to meet all

SUMMARY—CONVENTIONAL WAR STOCKPILE OBJECTIVES

Objectives

Increased (35)

Asbestos, chrysotile
Bauxite, Jamaica type
Bauxite, refractory grade
Beryl
Bismuth
Chromite, chemical
Chromite, metallurgical
Chromite, refractory
Cobalt
Corundum
Fluorspar, acid grade
Fluorspar, metallurgical
Graphite, Ceylon
Graphite, Malagasy
Graphite, other
Iodine
Magnesium
Manganese, battery, natural
Manganese, chemical, type A
Manganese, chemical, type B
Manganese, metallurgical
Mercury
Mica, film, 1st and 2nd qualities
Mica, muscovite splittings
Molybdenum
Platinum group--Iridium
Platinum group--Palladium
Platinum group--Platinum
Quinidine
Selenium
Shellac
Sperm oil
Tantalum
Tin
Vanadium

New Materials (3)

Quinine
Thorium
Titanium sponge

Remain Unchanged (6)

Diamond dies
Jewel bearings
Kyanite-mullite
Mica, phlogopite block
Quartz crystals
Sapphire and ruby

Decreased (32)

Aluminum
Aluminum oxide, fused, crude
Antimony
Asbestos, amosite
Bauxite, surinam type
Cadmium
Castor oil
Celestite
Columbium
Copper
Cordage fibers, abaca
Cordage fibers, sisal
Diamond, industrial: Crushing bort
Diamond, industrial: Stones
Feathers and down
Lead
Manganese, battery, synthetic dioxide
Mica, muscovite, block, stained and better
Mica, phlogopite splittings
Nickel
Opium
Pyrethrum
Rare earths
Rubber
Rutile
Silicon carbide, crude
Talc
Tungsten
Vegetable tannin--Chestnut
Vegetable tannin--Quebracho
Vegetable tannin--Wattle
Zinc

Removed From List (3)

Hyoscine
Silk noils
Silk, raw

35	-	Increased
32	-	Decreased
3	-	New materials
6	-	Remain unchanged
3	-	Removed from list
79	-	Basic materials
28	-	Subobjectives (see next column)
107	-	Total determinations

Subobjectives

Increased (13)

Beryllium copper master alloy
Chromium metal, aluminothermic
Chromium metal, electrolytic
Chromium ferro, high carbon
Chromium ferro, low carbon
Chromium ferro, silicon
Columbium ferro
Copper, oxygen free
Manganese silico
Molybdenum ferro
Tungsten carbide powder
Tungsten metal powder, hydrogen reduced
Vanadium, ferro

Decreased (7)

Columbium metal
Columbium carbide powder
Ferro tantalum columbium
Tantalum carbide powder
Sebacic acid
Tungsten ferro
Tungsten metal powder, carbon reduced

New Subobjectives (3)

Beryllium metal
Morphine alkaloid and salts
Crystalline tungsten carbide

Remain Unchanged (5)

Manganese ferro, high carbon
Manganese ferro, medium and low carbon
Manganese metal, electrolytic
Molybdic oxide
Tantalum metal

13	-	Increased
7	-	Decreased
3	-	New subobjective
5	-	Remain unchanged
28	-	Subobjectives

essential civilian and military needs from survival to feasible reconstruction programs through the first year.

DISPOSAL OF EXCESS MATERIALS

As indicated in previous Stockpile Reports to the Congress, the Director of OEP, in accordance with recommendations contained in the Executive Stockpile Committee Report, approved by the President on January 30, 1963, established an Interdepartmental Disposal Committee to review all aspects of any proposed disposal program and to make recommendations to the Director. This Committee is chaired by OEP and consists of representatives from the Departments of State, Defense, the Interior, Agriculture, Commerce, and Labor, the General Services Administration, the Agency for International Development, and the Small Business Administration. The Bureau of the Budget, the Atomic Energy Commission, and the Department of the Treasury participate as observers. A subcommittee, chaired by the General Services Administration, and composed of representatives from the Departments of State, Defense, Commerce, and Interior (or Agriculture when an agricultural commodity is involved), was established to review and determine the scope of the program, including guidelines as to the quantity and rate of sales, and other factors that must be resolved in order to insure that the interests of producers, processors, and consumers, and the international interests of the United States are carefully considered both in the development and carrying out of each disposal plan. Before decisions are made regarding the adoption of a long-range disposal program, appropriate consultations are held with industry and other interested parties to afford them the opportunity to express their views and obtain the benefit of their advice. Progress made with respect to the long-range disposal program together with a detailed analysis of Committee activity is noted under Disposal Program Activities, on page 8.

Summary of Government Inventories of Strategic and Critical Materials

On June 30, 1964, the strategic materials held in all Government inventories amounted to $8.5 billion at acquisition cost and $7.8 billion at estimated market value. Of this total, $5.7 billion at cost was in the National Stockpile, $1.5 billion in the Defense Production Act inventory, $1.3 billion in the Supplemental Stockpile, and $15 million in the Commodity Credit Corporation inventory. Of the total materials in Government inventories, $5.1 billion at cost and $4.3 billion at estimated market value are considered to be in excess of stockpile objectives. Over 80 percent of the total excess is made up of 12 materials—aluminum, metallurgical grade chromite, cobalt, copper, lead, metallurgical grade manganese, molybdenum, nickel, rubber, tin, tungsten, and zinc.

The following table is a summary of the materials carried in each of the Government inventories, including the quantities in excess of stockpile objectives. It shows the acquisition cost and estimated market value of the materials (1) having stockpile objectives and meeting stockpile specifications, (2) having stockpile objectives but not meeting stockpile specificatons, and (3) not having stockpile objectives.

Summary of Government Inventories, June 30, 1964

(Stockpile objective: Market value, $3,509,322,800)

	Total inventory		Excess to stockpile objectives	
	Acquisition cost	Market value[1]	Acquisition cost	Market value[1]
A. Inventories having stockpile objectives:				
(1) Meeting stockpile specifications:				
National Stockpile	$5,553,160,200	$5,622,790,400	$2,756,585,400	$2,613,534,100
Supplemental Stockpile	1,321,711,400	1,183,886,900	995,830,000	873,009,200
Defense Production Act	1,176,448,900	777,646,300	903,775,600	666,144,600
Commodity Credit Corporation	13,682,000	14,955,000	2,448,700	2,555,800
Total	8,065,002,500	7,599,278,600	4,658,639,700	4,155,243,700
(2) Not meeting stockpile specifications:				
National Stockpile	99,013,500	44,435,000	99,013,500	44,435,000
Supplemental Stockpile	8,804,400	2,944,600	8,804,400	2,944,600
Defense Production Act	280,553,500	86,916,600	280,553,500	86,916,600
Commodity Credit Corporation	798,000	167,000	798,000	167,000
Total	389,169,400	134,463,200	389,169,400	134,463,200
B. Inventories not having stockpile objectives:				
National Stockpile	25,151,900	21,037,000	25,151,900	21,037,000
Supplemental Stockpile	27,673,600	26,480,600	27,673,600	26,480,600
Defense Production Act	6,617,300	2,821,200	6,617,300	2,821,200
Commodity Credit Corporation	861,300	860,000	861,300	860,000
Total	60,304,100	51,198,800	60,304,100	51,198,800
C. Summary:				
National Stockpile	5,677,325,600	5,688,262,400	2,880,750,800	2,679,006,100
Supplemental Stockpile	1,358,189,400	1,213,312,100	1,032,308,000	902,434,400
Defense Production Act	1,463,619,700	867,384,100	1,190,946,400	755,882,400
Commodity Credit Corporation	15,341,300	15,982,000	4,108,000	3,582,800
Total Inventory	8,514,476,000	7,784,940,600	5,108,113,200	4,340,905,700

[1]Market values are computed from prices at which similar materials are being traded currently; or, in the absence of current trading, an estimate of the price which would prevail in commercial markets. The values are generally unadjusted for normal premiums and discounts relating to contained qualities so that market values are understated for materials such as metal grade bauxite to the extent that the inventories are of premium quality. The value does not necessarily reflect the amount that would be realized at time of sale.

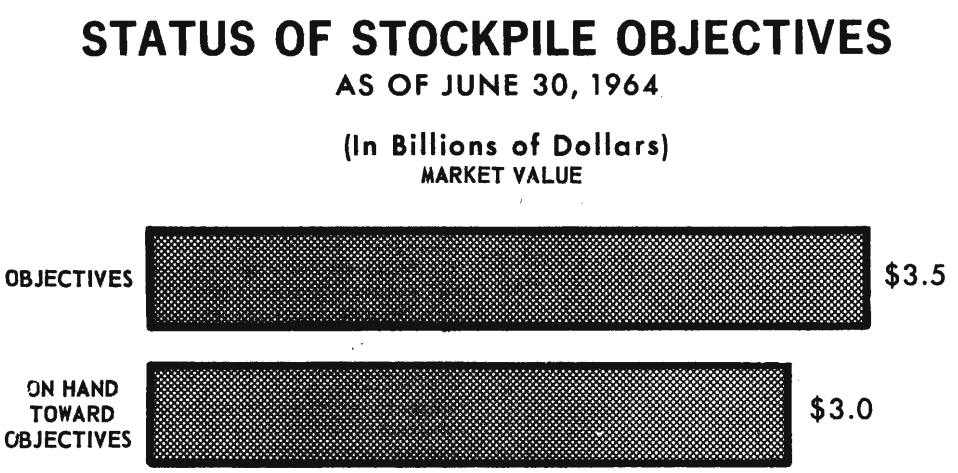
Source: General Services Administration.

STATUS OF STOCKPILE OBJECTIVES

As of June 30, 1964, materials of stockpile grade held in the National Stockpile approximately equaled or exceeded the objective for 45 of the 76 materials on the List of Strategic and Critical Materials for Stockpiling. The inclusion of other Government inventories would increase the objectives approximately equaled or exceeded to 61.

The chart below shows the estimated market value for the objectives established and the extent to which materials on hand in and on order for the National Stockpile meet these objectives. The figures do not include other Government inventories (Supplemental Stockpile, DPA materials, or CCC stocks) or the quantities of materials in the stockpile having stockpile objectives and meeting stockpile specifications which are in excess of objectives ($2.6 billion), materials in the stockpile for which there are no stockpile objectives ($21.0 million), and materials in the stockpile not meeting stockpile specifications ($44.0 million).

CHART 1



The list of strategic and critical materials for stockpiling is shown in the following table. Achievement of stockpile objectives for conventional war is shown in the table only if the materials are actually on hand in the National Stockpile. Footnotes indicate when sufficient quantities of materials are on hand in total Government inventories to complete the stockpile objectives. Also footnoted are those materials for which upgrading subobjectives in effect as of June 30, 1964, had not been achieved.

Stockpile objectives for nuclear war have not been developed as yet. It is now estimated that the studies now under way will not provide an adequate basis for developing stockpile objectives to meet the needs of nuclear war and reconstruction before the end of FY 1965. It is anticipated that some of the objectives for nuclear war may be higher and others may be lower than the objectives established for conventional war.

Status of Stockpile Objectives, Strategic and Critical Materials on Hand in National Stockpile (Specification Grade)

June 30, 1964

Materials	Inventory equals or exceeds objective	
Aluminum		x
Aluminum oxide, fused, crude		x
Antimony		x
Asbestos, amosite	(1)	
Asbestos, chrysotile		--
Bauxite, metal grade, Jamaica type	(1)	
Bauxite, metal grade, Surinam type	(1)	
Bauxite, refractory grade		x
Beryl	(1)	
Bismuth	(1)	
Cadmium		x
Castor oil		x
Celestite	(1)	
Chromite, chemical grade	(1)	
Chromite, metallurgical grade		x
Chromite, refractory grade		--
Cobalt		x
Columbium	(2)	x
Copper	(2)	x
Cordage fibers, abaca		x
Cordage fibers, sisal		x
Corundum		--
Diamond dies, small		--
Diamond, industrial: Crushing bort		x
Diamond, industrial: Stones	(1)	
Feathers and Down, waterfowl		x
Fluorspar, acid grade	(1)	
Fluorspar, metallurgical grade		--
Graphite, natural--Ceylon, amorphous lump	(1)	
Graphite, natural--Malagasy, crystalline		x
Graphite, natural--Other than Ceylon and Malagasy, crystalline		x
Iodine		--
Jewel Bearings		--
Kyanite-Mullite		x
Lead		x
Magnesium		x
Manganese, battery grade, natural ore		x
Manganese, battery grade, synthetic dioxide		x
Manganese, chemical grade, type A ore	(1)	
Manganese, chemical grade, type B ore	(1)	
Manganese, metallurgical grade	(1)	(2)
Mercury	(1)	
Mica, muscovite block, stained and better		x
Mica, muscovite film, first and second qualities		--
Mica, muscovite splittings		x
Mica, phlogopite block		x
Mica, phlogopite splittings		x
Molybdenum	(2)	x
Nickel		x
Opium	(2)	x
Platinum group metals, iridium		--
Platinum group metals, palladium		--
Platinum group metals, platinum		x
Pyrethrum		x
Quartz crystals		x
Quinidine		--
Quinine		x
Rare earths		x
Rubber, crude, natural		x
Rutile		--
Sapphire and ruby		--
Selenium		--
Shellac		x
Silicon carbide, crude		x
Sperm oil		x
Talc, steatite, block and lump		x
Tantalum	(2)	
Thorium	(1)	
Tin		x
Titanium	(1)	
Tungsten	(2)	x
Vanadium	(2)	x
Vegetable tannin extract, chestnut		x
Vegetable tannin extract, quebracho		x
Vegetable tannin extract, wattle		x
Zinc		x

x Inventory equals or exceeds objective.
-- Inventory deficit.
[1] Sufficient quantities are on hand in total Government-owned inventories to complete the objectives.
[2] Although total quantities are equal to the objective, the upgrading program has not been completed.

OTHER MATERIALS IN THE NATIONAL STOCKPILE

In addition to inventories of specification grade materials, the National Stockpile contains nonspecification grades of materials for which there are stockpile objectives, materials that have been removed from the stockpile list, and others for which there are no objectives. As of June 30, 1964, quantities on hand of nonspecification grades of materials and materials with no stockpile objectives are indicated in the following tables.

Most of the nonspecification grade materials were acquired by transfer of Government-owned surpluses to the stockpile after World War II. Others were accepted as contract termination inventories. Several were of specification grade when acquired but no longer qualify due to changes in industry practices and other technological advances. Disposal action for many of these items has been authorized by OEP. Inventory changes during the report period were due primarily to disposals, or to reclassification and other adjustments of the inventories.

*National Stockpile Inventories, Nonspecification Grades of Materials for Which There are Stockpile Objectives**

As of June 30, 1964

Material	Unit	Quantity
Aluminum	ST	1,787
Bismuth	Lb.	36,580
Cadmium	Lb.	19,567
Celestite	SDT	28,816
Chromite, metallurgical grade	SDT	190
Columbium	Lb.	1,344,374
Diamond dies	Pc.	8,371
Fluorspar, acid grade	SDT	4,960
Graphite, Malagasy, crystalline	ST	595
Graphite, other than Ceylon and Malagasy, crystalline	ST	672
Jewel bearings	Pc.	14,715,973
Magnesium	ST	54
Manganese, metallurgical grade	SDT	621,703
Mica, muscovite, block, stained A/B and better	Lb.	347,700
Mica, muscovite film, 1st and 2d quality	Lb.	23,674
Mica, phlogopite block	Lb.	205,638
Opium, alkaloid and salts	Lb.	2,180
Platinum group metals, platinum	Tr.Oz.	33
Quartz crystals	Lb.	707,630
Talc, steatite block and lump	ST	20
Tantalum	Lb.	1,527,258
Tungsten	Lb.	16,229,613

*Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

*National Stockpile Inventories, Materials for Which There are No Stockpile Objectives**

As of June 30, 1964

Material	Unit	Quantity
Asbestos, crocidolite, soft	ST	1,567
Coconut oil	Lb.	25,425,706
Diamond dies, other than small	Pc.	355
Diamond tools	Pc.	64,178
Hyoscine	Oz.	2,100
Mica, muscovite block, stained B and lower	Lb.	4,612,780
Mica, muscovite film, 3d quality	Lb.	501,172
Palm oil	Lb.	16,999,549
Platinum group metals, rhodium	Tr.Oz.	618
Silk noils	Lb.	969,479
Silk raw	Lb.	113,515
Silk waste	Lb.	20,997
Talc, steatite ground	ST	3,901
Zirconium ore, baddeleyite	SDT	16,533
Zirconium ore, zircon	SDT	2,018

*Quantities may be shown on this table and also on the disposal table when sales commitments have been made, but the material has not moved out of inventory.

Source: General Services Administration.

National Stockpile Activities

PROCUREMENT AND UPGRADING

The Strategic Stockpile Procurement Directive for FY 1964 provided for the cash purchase of only one material, jewel bearings. In addition to jewel bearings, the Directive provided for the stockpile acquisition through barter of four commodities—antimony, chrysotile asbestos, refractory grade chromite, and small diamond dies. The Directive also provided for the upgrading of certain stockpile materials to columbium metal, columbium carbide powder, tantalum metal, tantalum carbide powder, and oxygen-free, high conductivity copper through the use of excess materials as payment-in-kind to cover the transportation and processing costs.

During the January-June 1964 period, the General Services Administration completed arrangements with the Bulova Watch Company to extend the stockpile contract covering the production of jewel bearings through June 30, 1964. The modernization and expansion programs for the Government-owned Turtle Mountain Plant in Rolla, North Dakota, for which funds were provided in the Supplemental Appropriation Act of 1963, were continued. The Bulova Watch Company is operating this facility under a lease and stockpile contract with the Government.

A technical review group, consisting of two representatives from GSA and one consultant from the Department of Defense, visited jewel bearing equipment manufacturing plants and production facilities in Switzerland to determine types of jewel bearing production equipment required to modernize the production facility at the Government-owned plant. Initiation of construction of the new building at the Rolla site is anticipated by mid-FY 1965.

A contract was executed during the period for upgrading 6,000 short tons of electrolytic copper cathodes in the stockpile to the same tonnage of oxygen-free, high conductivity copper. Payment for the conversion and all transportation costs involved will be made in electrolytic copper cathodes excess to defense requirements. Deliveries of oxygen-free, high conductivity copper, certified grade, under conversion contracts amounted to 3,007 short tons.

Under two contracts executed in late FY 1963, columbium and tantalum bearing materials designated for upgarding to approximately 156,000 pounds of columbium and tantalum metal and carbide powders were placed in process. Deliveries of columbium and tantalum carbide powders under one of the contracts have been completed with the return of 12,360 and 15,200 pounds respectively of these materials. From the larger of the two contracts, 26,004 pounds of tantalum and 7,000 pounds of columbium have been tendered for return to the stockpile. Payment for this upgrading project is being made with excess tungsten concentrates and ferronickel from the Defense Production Act inventory. The additional upgrading authorized for FY 1964 on columbium and tantalum has been withheld pending a review of the current inventory position which results from the change in objectives for these materials, and a review of the possible changes in the stockpile specification for capacitor grade tantalum metal powder.

The one remaining supply contract entered into under the Defense Production Act program was terminated by GSA on March 5, 1964. This contract was with the Hanna Nickel Smelting Company and called for the delivery of approximately 17 million pounds of nickel, valued at $9.8 million, through June 30, 1965. The company paid the Government $2,175,000 representing the negotiated difference in the contract price and the current market price of the nickel remaining to be delivered.

During the January-June 1964 report period, the Department of Agriculture negotiated 10 barter contracts for four strategic and critical materials valued at $15.0 million. The materials involved were bauxite, metallurgical chromite, low carbon ferrochrome, and high carbon ferrochrome. By comparison, 28 contracts, valued at $66.1 million, were negotiated in the July-December 1963 period, and 7 contracts, valued at approximately $13.9 million, were negotiated in the January-June 1963 period.

DISPOSAL PROGRAM ACTIVITIES

Considerable time and effort have been devoted by members of the Interdepartmental Disposal Committee and the subcommittee in carrying out their functions and responsibilities. A total of 38 meetings have been held by the subcommittee and the full Committee has met 14 times to resolve the problems and reach a determination with respect to each material under consideration. A total of 25 special ad hoc working groups have completed studies and compiled data relating to 25 excess stockpile materials. As a result, the subcommittee completed its investigations and long-range determinations for 15 excess materials, 14 of which were favorably acted upon by the full Committee and forwarded to the Director of OEP with recommendations for action. As of July 10, 1964, 11 of these

had been approved by the Director with instructions to GSA to develop a proposed plan as the basis for industry consultations and subsequent approval by the Director of OEP for submission for Congressional authorization. The Director has two plans under consideration and one plan has been deferred for six months at the suggestion of the Disposal Committee.

Of the 11 disposal plans approved by the Director, three have been authorized by the Congress—cadmium on June 12, 1964, tin on July 2, 1964, and molybdenum on July 14, 1964; four were undergoing agencies' consultation with industry and foreign countries, and four were in the developmental stage.

The Interdepartmental Disposal Committee is now in the process of investigating and formulating disposal proposals for the remaining 10 materials studied by the ad hoc working groups.

During January-June 1964, OEP authorized 28 new disposal programs developed by GSA and concurred in by all interested agencies in accordance with the provisions of Defense Mobilization Order V-7 (revised and amended), and its successor Order 8600.1. Of these 28 actions, 14 involved materials released from the National Stockpile, 4 from the Supplemental Stockpile, and 10 from the Defense Production Act inventory. Two of these actions have since been cancelled—palladium, due to a revision in the stockpile objective and iodine, due to settlement of a damage claim against the carrier.

A summary of disposal actions follows:

January 24—Copper (1,800 short tons). 1,800 short tons of copper cathodes were authorized to be released from the Defense Production Act inventory to be used as payment-in-kind to cover the cost of upgrading stockpile materials to oxygen-free, high conductivity copper.

January 24—Cobalt (650 short tons); January 24—Tungsten Concentrates (130,000 short ton units); February 3—Columbite (200,000 pounds); February 3—Ferronickel (1,000 short tons). These four materials were authorized for release from the Defense Production Act inventory for use as payment-in-kind to cover the cost of upgrading stockpile materials to columbium and tantalum metals and carbide powders.

February 5—Tungsten (550 short tons, net "W"). 550 short tons of tungsten concentrates were authorized from the Defense Production Act inventory for transfer to the Atomic Energy Commission.

February 25—Disposal of the following odd lots of nonspecification grade items or materials held in Government inventories without stockpile objectives was authorized:

NATIONAL STOCKPILE MATERIALS (SCM):		
Asbestos, crocidolite (soft)	1,567	ST
Copper and copper base alloy	165	ST
Cupro-nickel ingots	366	ST
Diamond dies (large)	355	Pcs.
Lead castings	46,800	Lbs.
Punch mica	220,230	Lbs.
Nickel--Miscellaneous fabricated forms	66,834	Lbs.
Palladium (cancelled due to revision in objective)	10,590	Tr.Oz.
Tantalum	25,740	Lbs.
Zinc (engraving plates)	221,087	Lbs.
DEFENSE PRODUCTION ACT INVENTORY MATERIALS:		
Mica skimmings	14,653	Lbs.
Titanium sponge (fire damaged)	201,000	Lbs.
SUPPLEMENTAL STOCKPILE MATERIALS:		
Chromium metal	33,552	Lbs.
Fluorspar, acid grade	4,548	SDT
Iodine (cancelled due to settlement of claim against the carrier)	707	Lbs.
Silicon carbide	56	ST

Congressional approval is required before disposal of any materials from the National and Supplemental Stockpile.

March 18—Tin, Pig (98,000 long tons). The authorization covers the remaining excess of tin in the National Stockpile for which Congressional authorization was sought. A long-range plan was developed for the 98,000 long tons of tin plus the unsold portion from the original authorization of 50,000 long tons, which totaled 23,068 long tons as of June 30, 1964.

April 10—Molybdenum (11,000,000 pounds). Authorization was granted for the release of 11,000,000 pounds of molybdenum from the National Stockpile, subject to the approval of Congress, to help alleviate the domestic supply shortage. Congress authorized this release on July 14, 1964 under Public Law 88-377. Government sales are planned for domestic consumption only and offerings are to be determined on the basis of initial sales and current market conditions.

April 13—Cadmium (5,000,000 pounds). A plan to dispose of 5 million pounds of cadmium, to be released from both National and Supplemental Stockpiles, was prepared and cleared by all interested agencies and authorized by OEP. Bills for the disposal of this cadmium were introduced in the Congress and acted upon. On June 12, 1964, the President approved Public Law 88-319 covering the disposal of the 5 million pounds.

May 12—Copper (10,000 short tons). An additional 10,000 short tons of copper were authorized to be released from the Defense Production Act inventory for direct Government use, pursuant to DMO 8600.1.

May 18—Sisal (9,500,000 pounds). The quantity covers the excess sisal in the National Stockpile. The plan was concurred in by all interested agencies and at the end of the year was awaiting approval of the Congress.

June 23—Titanium Sponge, Sodium Reduced (30,000 pounds). This quantity was authorized to be released from the DPA inventory to cover requirements in support of a Navy prime contract pending availability of material through commercial channels.

At the end of FY 1964, several other long-range disposal plans were in the developmental stage or serving as a basis for appropriate consultations with industry and foreign governments.

As of June 30, 1964, cumulative sales commitments of surplus materials negotiated by GSA totaled $727.5 million at sales value and covered the disposal of 73 materials, of which $403.4 million were from the National Stockpile, $313.5 million from the DPA inventory, and $10.6 million from the Federal Facilities Corporation (tin). During the January-June 1964 period, GSA entered into disposal contracts with a total sales value of approximately $99.9 million. Of this amount, disposals from the National Stockpile totaled $74.3 million and disposals of materials from the Defense Production Act inventory accounted for $25.6 million. Major disposals during this period were: rubber, $23.7 million; tin, $45.6 million; aluminum, $13.0 million; copper, $10.4 million; vegetable tannins, $1.3 million; castor oil, $1.0 million; and magnesium, $1.3 million.

The sales of $99.9 million, which were made in the January-June 1964 period, bring total sales for FY 1964 to $167.1 million. This is the best sales year since inception of disposals of strategic and critical materials from the stockpile. The sales in FY 1964 result in no small measure from the emphasis being placed by OEP and GSA on utilization of surplus stockpile materials in Government procurement programs in lieu of cash. Total Government use of stockpile materials in FY 1964 amounted to $36.8 million which is also a record for this category of disposal. The major Government utilization programs include the AID rubber and tin programs, the DOD rubber programs, and the use of copper by the Mint. These programs have resulted in savings of dollars for the Government, and in improving our balance of payments position.

A list of the materials sold during January-June 1964 is shown on the following table.

Disposal of Strategic Materials

January-June 1964

Material	Unit	Sales commitments	
		Quantity	Sales value
NATIONAL STOCKPILE INVENTORY:			
Castor oil	Lb.	7,299,360	$1,012,552
Cobalt, carbonate	Lb.	4,701	128
Coconut oil	Lb.	3,078,220	381,707
Feathers and down	Lb.	39,900	146,140
Graphite (mixed all grades)	ST	6	139
Kyanite and Mullite	SDT	1,151	20,142
Magnesium ingots	ST	2,100	1,298,025
Nickel oxide powder	Lb.	370,750	274,355
Palm oil	Lb.	5,292,180	385,728
Quinidine	Oz.	38,000	27,447
Rubber	LT	46,430	23,740,021
Shellac	Lb.	180,400	29,634
Talc, steatite, block and lump	ST	5	800
Tin	LT	14,937	45,637,727
Vegetable tannin extract:			
Chestnut	LT	7,550	1,214,655
Quebracho	LT	736	123,648
Total National Stockpile	....	.....	74,292,848
DEFENSE PRODUCTION ACT INVENTORY:			
Aluminum	ST	27,500	12,980,536
Copper	ST	16,698	10,387,836
Cryolite, synthetic	ST	4,994	649,175
Lead	ST	86	22,360
Mica, skimmings	Lb.	14,653	1,172
Nickel	Lb.	868,000	685,799
Titanium sponge	Lb.	30,000	39,600
Tungsten concentrates	LBW	1,100,000	809,754
Total DPA	....	.....	25,576,232
Grand total	....	.....	$99,869,080

Source: General Services Administration.

Notes on Strategic and Critical Materials

ALUMINUM

Of the 135,000 short tons of aluminum authorized for disposal from the DPA inventory, 27,500 short tons were sold during this period. Total sales to date amount to 78,699 short tons, with proceeds of $36.1 million. All sales made to date resulted from the unrestricted offerings made by the Government. The plan provided for set-asides for small business; however, no sales have been made.

CADMIUM

A sales announcement was issued June 18, 1964, on the disposal of 5 million pounds of metal from the National and Supplemental Stockpiles authorized under Public Law 88-319. Sales on a shelf item basis will begin in the first quarter of FY 1965 at the rate of approximately 600,000 pounds each quarter. All cadmium being sold is for domestic consumption only with first sales in each quarter to be made to holders of defense-rated orders.

CASTOR OIL

During the report period, 7,299,360 pounds of castor oil from the National Stockpile were sold at a dollar value of $1,012,552. Since the beginning of the disposal plan, a total of 42,112,320 pounds has been sold with proceeds of $5,971,026. Remaining to be sold are 113,563,680 pounds of this material.

COCONUT OIL

During the reporting period, 3,078,220 pounds of coconut oil from the National Stockpile were sold for $381,707. This completed disposal of all coconut oil. Total sold was 265,877,850 pounds, with a return of $31,638,299.

COPPER

A total of 15,198 short tons of copper was transferred to other Government agencies for their direct use during the period. The annual requirements for the Bureau of the Mint have been increasing as a result of the Bureau's efforts to keep up with the continued coin shortage. In addition, 1,500 short tons, authorized in 1963, were committed as payment-in-kind for the upgrading of copper into OFHC copper, certified grade.

CORDAGE FIBERS

No rotation of cordage fibers was made during the period. Substantially lower objectives were established for abaca and sisal, and disposal plans for these fibers were initiated.

CRYOLITE, SYNTHETIC

During the reporting period, 4,994 short tons of synthetic cryolite in the Defense Production Act inventory were sold for $649,175. The balance of this material remaining available for sale is 11,551 short tons.

FEATHERS AND DOWN

One commercial sale of down was completed during the reporting period. Under this sale, which was by auction, 39,900 pounds of down were disposed of for $146,140. The bulk of the 5 million pounds of feathers and down remaining for disposal will be utilized by the Department of Defense for military sleeping bags. As of June 30, 1964, approximately 760,000 pounds of feathers and down, valued at $2,112,200, have been transferred to the Department of Defense for this purpose.

KYANITE-MULLITE

During the report period, 1,151 short tons of this material were sold from the National Stockpile for $20,142. This completed the sale of the entire 7,326 short tons of this commodity originally authorized for disposal.

LEAD

The balance of 86 short tons of lead available for transfer to other Government agencies was transferred during the report period. This completed the disposal of lead in the DPA inventory.

On July 14, 1964, the Congress enacted Public Law 88-373 authorizing the disposal of 50,000 tons of excess lead from the National Stockpile, without regard to the normal six-month waiting period. This Congressional action was urged by industry to help increase the available supply of primary lead needed for production requirements and to replenish industry's stocks which have been declining for some time because of the deficiency.

MAGNESIUM

Of the 12,500 short tons of magnesium authorized in March 1962 for disposal from the Na-

tional Stockpile, 2,100 short tons were sold during the period. Offers to sell 700 short tons of the material on a sealed bid invitation will continue to be made approximately every 60 days. To date, 5,785 short tons of this material have been sold with proceeds of $3,551,256.

MICA SKIMMINGS

During the period, 14,653 pounds of mica skimmings from the Defense Production Act inventory were sold for $1,172.

MOLYBDENUM

On April 10, 1964, OEP authorized the disposal from the National Stockpile of the excess molybdenum over stockpile needs (11 million pounds), subject to Congressional approval. The Congress authorized this release on July 14, 1964, under Public Law 88-377, without regard to the normal six-month waiting period. Government sales are to be on a competitive basis for domestic consumption only.

NICKEL

During the period, 868,000 pounds of electrolytic nickel were transferred to other Government agencies from the 5 million pounds authorized for this purpose. Transfers to date under this authorization total 1,736,427 pounds. Sales of nickel oxide powder on a shelf item basis to the consuming industry amounted to 370,750 pounds, bringing to 533,258 pounds the total sold to date.

PALM OIL

From January-June 1964, a total of 5,292,180 pounds of palm oil was sold from the National Stockpile for $385,728. Cumulative sales to date amount to 22,273,441 pounds, with total proceeds of $1,655,825. A total of 15,426,559 pounds remains for disposal.

QUINIDINE

During the report period, 38,000 ounces of quinidine from the National Stockpile were sold for $27,447, completing the disposal of the 453,000 ounces authorized for disposal.

RUBBER

From January-June 1964, 46,430 long tons of surplus rubber from the National Stockpile were sold at a contract value of $23,740,021. During FY 1964, Government sales of surplus rubber amounted to 85,834 long tons, valued at approximately $45 million. As of June 30, 1964, 313,489 long tons, valued at $207 million, have been sold since October 1959, when the disposal program began. This leaves a balance of 156,511 long tons of rubber remaining to be sold of the original 470,000 long tons authorized for disposal by the Congress.

The OEP has continued to make special effort toward the increased use of surplus rubber by AID and DOD in their foreign aid programs. During the reporting period, the Defense Department substantially increased the quantities of Government-owned rubber in the purchase of military tires and retreading materials. The utilization of rubber in direct and indirect Government programs during the reporting period accounted for 20,462 long tons. Of this amount, 16,430 long tons were in addition to regular monthly commercial sales of 5,000 long tons, and 4,032 long tons were included as a part of the regular monthly sales to domestic consumers.

SHELLAC

During the report period, 180,400 pounds of shellac were sold from the National Stockpile for $29,634.

SILK

Raw silk and silk noils were removed from the List of Strategic and Critical Materials for Stockpiling. Development of the disposal plans is currently in progress.

TIN

Of the 14,937 long tons of tin disposed of during the period from the National Stockpile, 13,854 long tons were sold commercially and 1,083 long tons were sold in connection with the AID program. On March 18, 1964, a long-range disposal program covering the remaining excesses of tin in the Stockpile was approved by OEP pending Congressional approval. On March 20, 1964, GSA announced it would dispose of approximately 20,000 long tons of tin during the first annual period in approximately equal quarterly increments. In the first three-month period of the program, GSA sold 5,558 long tons of tin.

TUNGSTEN

Approximately 379 short tons Net "W" of tungsten concentrates were transferred to the Atomic Energy Commission for use in meeting its tungsten requirements during the reporting period.

VEGETABLE TANNINS

During January-June 1964, a total of 7,550 long tons of chestnut tannin extract from the National Stockpile was sold for $1,214,655 for use on Government contracts and for export. A total of 736 long tons of quebracho from the National Stockpile was sold for $123,648.

ZINC

On May 13, 1964, OEP requested GSA to prepare an interim short term disposal plan for the release of 75,000 short tons of excess zinc from the National Stockpile, subject to Congressional

approval. This action was requested by the Departments of the Interior and Commerce which urged that the Government help alleviate the tight market situation confronting industry with respect to certain grades of zinc. At the request of industry, the Congress authorized the release of 75,000 short tons of zinc on July 14, 1964 (Public Law 88-374), without regard to the six-month waiting period. Except for set-asides to be sold to independent alloyers of zinc, GSA plans to restrict Government sales to producers of primary zinc who agree to distribute the material at no profit for domestic consumption only.

Activities of the General Services Administration Relating to Stockpiling of Strategic and Critical Materials

The General Services Administration is charged with the general operating responsibility, under policies set forth by OEP, for stockpile management, including (1) purchasing and making commitments to purchase, transfer, rotating, upgrading, and other processing of metals, minerals, and other materials; (2) expansion of productive capacity through supply contracts, including the installation of Government-owned equipment, such as machine tools, in privately-owned facilities; (3) storage and maintenance of all strategic materials held in Government inventories; and (4) disposal of excess stockpile materials including the development of disposal plans, selling the materials, and arranging for Government use of such materials.

The activities of the General Services Administration particularly in connection with procurement, upgrading, and disposals have been summarized in the earlier sections of this report.

STORAGE AND MAINTENANCE

As of June 30, 1964, Government-owned strategic and critical materials were stored at 158 locations to effect geographical distribution in relation to the needs of consuming areas as follows:

Type of facility	As of 6/30/64	Net change in last 6 months
Military depots	52	0
GSA depots	24	0
Other Government-owned sites	9	0
Industrial plant sites	39	0
Leased commercial sites	16	0
Commercial warehouses	18	-4
Total	158	-4

As of June 30, 1964, approximately 52 million tons of strategic materials were stored at these facilities. Approximately 98,000 tons of materials were received into storage during the reporting period, the bulk of which was acquired under the CCC Barter Program.

Continued progress was made in reducing commercial storage of strategic materials. A total of 40,262 tons of rubber, cordage fiber, and cryolite was removed from commercial warehouses, of which 32,994 tons were shipped on disposal sales programs, and 7,268 tons were relocated to Government depots. These actions have reduced annual commercial storage costs by $301,000, completely evacuated 4 warehouses, and reduced the inventory in 13 others.

Evacuation of the warehouse at the GSA/DMS Buffalo Depot continued. During the reporting period, 34,616 tons of various materials were moved to other GSA depots, and 10,610 tons were shipped out under disposal sales programs. This project is scheduled for completion by December 31, 1964, at which time annual storage costs will be reduced by $236,000. In addition, the necessity of major roof rehabilitation at a cost of $1,440,000 will be avoided.

A total of 92 new preservation and maintenance projects was authorized during the period, and 64 previously authorized projects were completed.

Activities of the Department of Commerce Relating to Stockpiling of Strategic and Critical Materials

The Department of Commerce has been delegated a number of responsibilities with regard to the National Stockpile and these, in turn, have been assigned to the Business and Defense Services Administration within the Department. BDSA prepares for the Office of Emergency Planning estimates of essential civilian and war-supporting requirements for strategic materials in a mobilization period, a basic element in determining stockpile objectives. In certain limited cases it also prepares estimates of the mobilization supply of such materials. It also reviews plans for disposal of surplus stockpile materials and it provides OEP or GSA with its evaluation of the market impact of proposed schedules of sales. In addition, it develops recommendations in the matter of purchase specifications and storage procedures and it keeps under surveillance technological developments which might result in changes in requirements. Finally, it prepares special studies for OEP regarding strategic material problems and in general submits to OEP on behalf of the Department recommendations or advice on stockpile policies and programs.

ESTIMATES OF ESSENTIAL CIVILIAN AND WAR-SUPPORTING REQUIREMENTS

The principal procedure for estimating essential civilian and war-supporting requirements involves an analysis of each major end-use item containing significant quantities of the material to be stockpiled. Recent trends in usage are reviewed, prospective technological developments are taken into account, and the essentiality of the item or of the use of the material in the item during mobilization is determined. Finally, the extent to which wartime production of the item would parallel previously determined wartime production levels of the category of which it is a part is evaluated. These factors then become the basis for estimating mobilization requirements for the material for the given end-use item. Similar calculations are applied to other end-use items and the sum of them becomes a total of essential requirements for the material. Extensive industry assistance in specific areas and industry surveys are often required.

During the report period, estimates of mobilization requirements in a conventional war situation for the following materials being stockpiled, or considered for stockpiling, were completed:

Aluminum oxide, fused, crude	Palladium
Bismuth	Platinum
Cobalt	Quinidine
Corundum	Quinine
Diamond bort	Rutile (revision)
Diamond stones	Sapphire and ruby
Hyoscine	Selenium
Iridium	Silicon carbide, crude
Mica, phlogopite block	Tin
Opium	Vanadium

OTHER ACTIVITIES

Quinidine and Hyoscine

BDSA reviewed developments regarding the current use of substitutes for quinidine and hyoscine and the extent to which they would be feasible in a mobilization period. Consultation with experts in industry and Government indicated that such substitutions would be acceptable to a greater degree than previously estimated. Reports reflecting this were submitted to OEP.

Opium

At the request of OEP, BDSA reviewed with industry and Government agencies desirable forms to which opium could be upgraded for ready use in a mobilization period. Considerations included the need for long-term storage, types of containers and the extent to which dosage forms should be available. An analysis and appropriate recommendations were transmitted to OEP.

Sapphire and Ruby

Because of the geographical concentration of synthetic sapphire and ruby production, efforts are being made to encourage the construction of an additional plant in another area. Progress is being made in this respect.

PURCHASE SPECIFICATIONS AND SPECIAL INSTRUCTIONS

Materials stockpiled for war use must be in a form which permits efficient utilization and which provides optimum storage characteristics. Purchase specifications are designed to assure these ends and in their preparation much weight is given to industrial guidance and experience with the materials. Industry specialists and Government experts are consulted in the matter and their views

correlated when such specifications are developed or revised.

Under the general guidance of OEP and in consultation with interested departments and agencies and with the advice of industry, proposed specification revisions during this period involved the following materials:

Beryllium metal	Manganese, ferro, low-medium carbon
Chromite, refractory grade	
Copper	Nickel
Cordage fibers	Tantalum metal

DISPOSAL PROGRAMS

BDSA has been actively participating in the development of long-range disposal programs. As the plans were completed, it submitted recommendations on the disposal of 8 specification grade materials (including some short-range plans) as well as recommendations on 14 small nonspecification grade items. These recommendations were based on an evaluation of the markets and consultation with industry when the materials to be sold were significant.

Specification Grade Materials:

Cadmium	Silk, noils
Cobalt	Silk, raw
Feathers and down	Sisal
Molybdenum	Tin

Nonspecification Grade Materials:

Asbestos, soft crocidolite	Palladium
Bismuth alloys	Rhodium
Diamond dies	Rutile
Fluorspar, acid grade	Silicon carbide
Lead castings	Tantalum
Mica, punch	Titanium
Mica, skimmings	Zinc engraving plates

HIGH HEAT AND SPECIAL PROPERTY MATERIALS

In accordance with the provisions of Defense Mobilization Order V-7 and its successor DMO 8600.1, prospective needs for high temperature and other special property materials will be reviewed for stockpiling if reasonably firm minimum requirements indicate the existence of a supply deficit in the event of an emergency. By agreement with OEP, BDSA conducts this review on an annual basis. During this report period, a report on the annual review of the following items was transmitted to OEP:

Beryllium	Gallium	Rhenium
Boron (elemental)	Germanium	Rubidium
Cerium	Graphite, artificial	Tantalum
Cesium	Hafnium	Tellurium
Chromium	Indium	Titanium
Cobalt	Molybdenum	Tungsten
Columbium	Nickel	Vanadium

Activities of the Department of Agriculture Relating to Stockpiling of Strategic and Critical Materials

EXPANSION OF DOMESTIC SOURCES

The Department of Agriculture is engaged in production and engineering research projects covering a number of strategic and critical agricultural items of foreign origin or substitutes for such items.

Oils

Castorbean research has been continued in cooperation with the California, Mississippi, and Texas Agricultural Experiment Stations. Yield evaluation studies are being carried out. Progress has been made in selecting lines resistant to capsule drop and Alternaria capsule mold.

In an effort to solve problems in connection with moisture content of the beans at time of harvest and in storage, investigations have been undertaken and a pilot drier construction project is under way. The experimental harvester designed for damp field and crop conditions is being modified to improve performance.

Cordage Fibers

Kenaf.—Combined analysis of fiber yield, adjusted for stand, covering five kenaf varieties grown in Georgia and Tennessee showed highly significant differences between varieties, locations, and locations by varieties. Highest yields were 1,495 pounds of fiber per acre at Experiment, Georgia.

In a seed yield trial, a late maturing variety, BG 58-10, produced 615 pounds of seed per acre while Everglades 41 and Everglades 71 produced 360 and 310 pounds per acre respectively.

An automatic bundle-tying attachment is planned for the harvester-ribboner for this season. Construction was initiated on a cell wheel arrangement to break the flow of ribbons into proper bundle sizes for tying, utilizing a standard grain or corn binder mechanism. Due to the expected high rate of bundle production, a conveyor will be required for moving the bundles to a trailing wagon.

At the request of the Agency for International Development, an engineer from the USDA Florida project spent about eight weeks in Guatemala advising on the harvesting and processing of kenaf. Of particular interest was the performance of a fiber washer which was shipped to that country after the close of the Florida season. Several bales of fiber grown in this country were also shipped to Guatemala for manufacture into bags. Excellent progress was reported on the production, processing, and manufacturing phases.

Sansevieria.—The F_1 Hybrid, Florida H-13, continues to be superior to other hybrids in fiber yield. In an age of harvest study conducted with Florida H-13 on Everglades peat soil, it was indicated that the yield increases annually and, therefore, early harvests are not advisable. A new age of harvest experiment, much larger in scope, is being initiated at the Everglades Experiment Station to determine the optimum age for first harvest.

Several manufacturers of twine have expressed interest in the sansevieria crop and the harvesting machine. They will view the performance of the equipment and discuss related items with the engineers at the project site.

BARTER ACTIVITIES

During the period January-June 1964, the Commodity Credit Corporation negotiated 40 barter contracts for strategic and other materials valued at approximately $57.8 million. Of this amount, $15.0 million represented 10 contracts for strategic materials. The materials involved were bauxite, chromite (metallurgical), ferrochrome (high carbon), and ferrochrome (low carbon). The remaining $42.8 million represented procurements for other agencies ($38.7 million for the Department of Defense and $4.1 million for the Agency for International Development). By comparison, 53 contracts valued at approximately $111.9 million were negotiated during the July-December 1963 period.

Agricultural commodities exports by contractors in fulfillment of barter contracts with the Commodity Credit Corporation totaled approximately $70.2 million during the January-June 1964 period. Strategic and other materials, valued at approximately $1,609.0 million, have been delivered under barter contracts from July 1954 through June 1964, of which materials worth about $51.2 million were delivered during this report period.

Cumulative transfers to stockpile since July 1954 have totaled approximately $1,385.7 million ($151.5 million to the National Stockpile and $1,234.2 million to the Supplemental Stockpile).

Barter activity on behalf of other U.S. agencies is continuing to benefit the U.S. by using surplus agricultural commodities to pay for petroleum

fuels, jute products, lumber, and such services as aircraft maintenance and barge movements. The Commodity Credit Corporation receives reimbursement for these procurements from the procuring agency, principally AID and DOD.

TRANSFERS FROM STOCKPILE FOR DISPOSAL

In 1962 all National Stockpile extra long staple cotton was transferred to CCC—47,518 bales of domestic cotton and about 123,000 bales (running) of Egyptian and Sudanese cotton.

The domestic cotton was added to CCC's inventory, resulting in a total of 53,740 bales. From August 1, 1962, through December 31, 1963, 6,850 bales were sold under a CCC sales program and 225 additional bales have been sold between January 1 and June 30, 1964, reducing this inventory to 46,665 bales.

The foreign-grown portion of the cotton is being disposed of through an export sales program. Cumulative sales under the program from August 1, 1962, to December 31, 1963, totaled 15,438 bales. Sales during the January 1-June 30, 1964 report period totaled 39,088 bales, reducing the inventory to approximately 66,000 bales.

Activities of the Department of the Interior Relating to Stockpiling of Strategic and Critical Materials

The Department of the Interior has the responsibility for the management, conservation, and adequate development of the Nation's natural resources to meet the requirements of national security and an expanding national economy. The Department assists the Office of Emergency Planning in formulating and carrying out programs for the stockpiling of critical materials. The Department of the Interior conducts research in exploration, mining, beneficiation, and metallurgy and compiles information on production and consumption for use in stockpiling planning. The Department also provides advice and recommendations regarding Purchase Specifications and Special Instructions for stockpiling, storage procedures, and stockpile disposal programs.

The Department is responsible for preparedness programs covering electric power, petroleum and gas, solid fuels and minerals, and conducts resource-requirements studies in order to identify problem areas and develop recommendations and programs for the maintenance of a sufficient mobilization base. The Department also administers programs to encourage the exploration, development, and mining of minerals and metals for emergency purposes.

ESTIMATES OF SUPPLY

During the report period, the Department completed the supply projections for the review of all the metals and minerals in the stockpile, or under consideration for stockpiling, for the OEP review of stockpile objectives for a conventional war emergency. The potential supplies of metals, minerals, and solid fuels which would be available immediately after and during the first year following a nuclear attack are being evaluated for OEP for the development of postattack economic programs and for the development of nuclear war stockpile objectives.

BERYLLIUM

The Department of the Interior, through the Bureau of Mines, continued its comprehensive program on beryllium consisting of widespread studies of domestic beryllium resources and extensive research on beneficiation of beryllium ores, and extraction, purification, casting, and forming of beryllium. Flotation studies on Mount Wheeler, Nevada, ore yielded concentrate ranging from 12 to 25 percent BeO with recoveries of 75 to 88 percent.

Estimation of significant resources of beryllium in volcanic tuff at Spor Mountain, Utah, and in a stock of quartz monzonite near Gold Hill, Utah, highlights a broad study by the Department of the Interior, through the Geological Survey, of the geology of beryllium and beryllium resources of the country. Resources at Spor Mountain and Gold Hill exceed 15 million short tons of rock of at least one-half percent BeO. The amount of beryllium in this material is about 75 times the present annual consumption of beryllium in the United States.

A newly-discovered beryllium deposit in volcanic rocks in the Sierra Cuchillo, New Mexico, substantiates the belief that additional beryllium deposits will be found in geological settings similar to that at Spor Mountain.

MERCURY

Investigation of nonconventional methods for recovering mercury from its ores was completed by the Bureau of Mines. Determination of optimum conditions and cost estimates showed that the costs of flotation, continuous circuit leaching, and recovery of mercury by precipitation or electrodeposition processes are comparable to direct furnacing of mercury ore.

MOLYBDENUM

Molybdenum deposits of a previously unknown type have been studied by the Geological Survey in sedimentary rocks in the White River Badlands of South Dakota. Insufficient exploration has been done to fully appraise the extent of the deposits. Individual deposits are as much as 100 feet long and 8 feet thick in outcrop. The average grade of material is probably only a few tenths of one percent molybdenum although a small part contains several percent.

TIN

The Bureau of Mines cooperated in the long-term study by the International Tin Council of world tin reserves, production, and consumption.

A meeting of the working group of the Council was held in London to discuss data submitted by various producing and consuming countries and preparation of a report. The study will be helpful in preparing programs for the disposal of surplus stockpiled tin and in guiding the commercial decisions of tin producers and users.

HIGH-TEMPERATURE MATERIALS

The Department of the Interior's semiannual evaluation of the technology and supply-demand situation of the elements that should be considered special-property materials for high temperature and other special applications was revised in April 1964.

Reports Dealing With Stockpile Material Issued by U.S. Geological Survey

January-June 1964

Maps

MF-272 Geochemical and heavy-mineral reconnaissance of the Harrisburg quadrangle, North Carolina, by Henry Bell, III (copper, zinc, nickel).

MR-39 Oxidized zinc districts in California and Nevada, by A. V. Heyl and C. N. Bozion.

Professional Papers

297-E Geology and mineral deposits of some pegmatites in the southern Black Hills, South Dakota, by J. J. Norton and others (mica, beryllium).

360 Geology and quicksilver deposits of the New Almaden district, Santa Clara County, California, by E. H. Bailey and D. L. Everhart (mercury).

385 Geology and mineral deposits of the Mount Morrison quadrangle, Sierra Nevada, California, by C. D. Rinehart and D. C. Ross (tungsten).

408 Geology of the Cerro Gordo mining district, Inyo County, California, by C. W. Merriam (zinc, lead).

428 Geology and mineral deposits of the Jefferson City quadrangle, Jefferson and Lewis and Clark Counties, Montana, by G. E. Becraft, D. M. Pinckney, and Sam Rosenblum (lead, zinc, copper).

431 Geology and mineral deposits of the Osgood Mountains quadrangle, Humboldt County, Nevada, by P. E. Hotz and Ronald Willden (tungsten, mercury).

468 Crystal chemistry of beryllium, by Malcolm Ross.

475-D Geological Survey Research 1963. Short papers in geology and hydrology. Scientific notes and summaries of investigations.

Bulletins

1110-B Geology of the lead-zinc deposits in the Município de Januária, State of Minas Gerais, Brazil, by J. F. Robertson.

1129 Geology of Lost River mine area, Alaska, by C. L. Sainsbury (tin).

1141-M Geology of the Jarbidge quadrangle, Nevada-Idaho, by R. R. Coats (tungsten).

1142-K Geology of the Eureka quadrangle, Utah and Juab Counties, Utah, by H. T. Morris (lead, zinc, copper).

1142-L Geology of the Tintic Junction quadrangle, Tooele, Juab, and Utah Counties, Utah, by H. T. Morris (lead, copper, manganese, zinc).

1167 Talc resources of the United States, by A. H. Chidester, A. E. J. Engel, and L. A. Wright.

Reports Issued by the Department of the Interior Bureau of Mines

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Reports of Investigations

6287 Low-Temperature Heat Capacity and High-Temperature Heat Content of Mullite.
6319 Titanium Placer Deposits of Idaho.
6334 Tungsten Resources of Western Montana. Miscellaneous Deposits.
6337 Heats of Combustion and Formation of Carbides of Tungsten and Molybdenum.
6341 A System for Electron-Beam Melting. (hafnium)
6350 Reconnaissance of Tellurium Resources in Arizona, Colorado, New Mexico, and Utah, Including Selected Data From Other Western States and Mexico.
6352 Cadmium Refining by Amalgam Electrolysis.
6356 Heat and Free Energy of Formation of Muscovite.
6357 Low-Temperature Heat Capacities and Entropies at 298.15^0 K of Lead Molybdate and Lead Tungstate.
6360 Methods for Producing Titanium Lower Chlorides. (rutile)
6361 Hydrometallurgical Recovery of Manganese From Manganiferous Slimes and Limestones.
6362 Continuous Electrowinning of Cerium Metal From Cerium Oxides.
6365 Titanium Placer Resources in Western Montana.
6367 Vapor Pressure of Tungsten (VI) Chloride and Hafnium (IV) Iodide by a Metal Diaphragm Technique.
6368 Ammoniacal-Ammonium Carbonate Leaching of Manganiferous Materials from the Southern District, Aroostook County, Maine.
6370 High-Temperature Heat Contents and Entropies of Andalusite, Kyanite, and Sillimanite.
6371 High-Temperature Heat Contents and Entropies of Muscovite and Dehydrated Muscovite.
6372 Mine Roof Rock and Roof Bolt Behavior Resulting From Nearby Blasts.
6374 Reducing Vanadium Compounds in Bomb Reactors.
6375 Some Physical Properties of Ceria Powders Derived From Five Salts.
6379 Linear Correlation of Magnetic Susceptibility With the Composition of Minerals.
6381 Metathesis of Bastnasite and Solvent Extraction of Cerium.
6384 Analysis of High-Purity Columbium by Optical Emission Spectrography.
6385 Flotation of Calcareous Scheelite Ores. (tungsten)
6386 Laboratory Continuous Flotation of Bertrandite and Phenacite From Mount Wheeler, Nev., Beryllium Ores.
6390 Columbium and Tantalum Alloys Suitable for Use at High Temperatures.
6392 Polyethoxylated Amines as Flotation Collectors for Slimed Lead Minerals.
6396 Naphthenic Acid Solvent Extraction of Rare-Earth Sulfates.
6398 The System Magnesia-Magnesium Fluoride-Germania-Lithium Fluoride. 6.94 Percent Lithium Fluoride.
6404 Electrostatic Separation of High-Conductivity Minerals.
6408 Mineralogical Investigation of Beryllium-Bearing Tuff, Honeycomb Hills, Juab County, Utah.
6410 Activities of Copper and Nickel in Liquid Copper-Nickel Alloys.
6411 Magnetization Delay in the Separation of Minerals.
6412 Infrared Study of the Effect of Fluoride, Sulfate, and Chloride Ions on Adsorption of Oleate on Fluorite and Barite.
6414 Analysis of High-Purity Columbium by Optical Emission Spectrography.
6415 Heat of Formation of Aluminum Carbide.
6417 Recovery of Zinc From Galvanizers' Dross and Zinc-Base Die-Cast Scrap by Filtration.
6418 Corrosion Resistance of Diborides in the Pseudobinary System TiB_2-CrB_2.

Reports of Investigations–Con.

6419 Construction and Operation of a Quartz Composite Oscillator.
6423 Leaching Copper-Sulfide Minerals With Selected Autotrophic Bacteria.
6427 Effects of Substituting Cobalt for Nickel on the Tensile Properties and Hardness of Two Types of Stainless Steel.
6428 X-Ray Diffraction and Optical Microscopic Data on Several Important Phases in the Binary Systems $CaO-Al_2O_3$, $CaOSiO_2$, and $Na_2O-Al_2O_3$.
6429 Titanium Resources of Nelson and Amherst Counties, Va. (in Two Parts) 2. Nelsonite.
6430 Separation and Determination of Rare Earth Metals in Zirconium-Rare Earth Alloys.
6431 Methods for Producing Alumina From Clay. An Evaluation of a Nitric Acid Process.
6432 Observations in the Development of Titanium Refining Cells. (rutile)
6437 Transfer of Selected Metals in Titanium Electrorefining. (nickel, tin, copper, bismuth, manganese)
6438 Estimated Cost of Exploiting Enriched, Hard Manganese Ore From the Maggie Canyon Deposit, Artillery Mountains Region, Mohave County, Ariz.
6442 Metallurgical Studies of Rhodonite Ores, Silverton District Colorado. (in Three Parts). 3. Melting, Quenching, and Acid Leaching of Concentrates and Electrolytic Recovery of Manganese from Solution.
6443 Synthesis and Properties of Germanium Fluorphlogopite.
6446 Thermodynamic Data for Columbium (Niobium) Carbide.

Information Circulars

8200 Industrial Diamond. A Materials Survey.
8204 Mining Methods and Costs, Mouat Mine, American Chrome Co., Stillwater County, Mont.
8208 Loading and Transportation at Zinc-Lead Mines, The Eagle-Picher Co., Jo Daviess County, Ill., and Lafayette County, Wis.
8211 Bureau of Mines Chromium Supplied for Research, July 1953 to July 1961, Including Names of Recipients and Nature of Studies.

STATUS OF OBLIGATIONAL OPERATIONS

Under PL 117 and PL 520 for The National Stockpile

As of June 30, 1964

AUTHORITY	APPROPRIATED FUNDS a/	AUTHORIZATIONS FOR		TOTAL OBLIGATIONAL AUTHORITY (CUMULATIVE) d/
		MAKING ADVANCE CONTRACTS b/	LIQUIDATING OUTSTANDING ADVANCE CONTRACTS c/	
Under PL 117 - 76th Congress				
PL 361 - 76th Congress, August 9, 1939	$ 10,000,000	$	$	$ 10,000,000
PL 442 - 76th Congress, March 25, 1940	12,500,000			22,500,000
PL 667 - 76th Congress, June 26, 1940	47,500,000			70,000,000 e/
Under PL 520 - 79th Congress				
PL 663 - 79th Congress, August 8, 1946	100,000,000	-	-	100,000,000
PL 271 - 80th Congress, July 30, 1947	100,000,000	75,000,000	-	275,000,000
PL 785 - 80th Congress, June 25, 1948	225,000,000	300,000,000	-	800,000,000
PL 785 - 80th Congress, June 25, 1948	75,000,000	-	75,000,000	800,000,000
PL 119 - 81st Congress, June 23, 1949	40,000,000	270,000,000	-	1,110,000,000
PL 150 - 81st Congress, June 30, 1949	275,000,000	250,000,000	-	1,635,000,000
PL 150 - 81st Congress, June 30, 1949	250,000,000	-	250,000,000	1,635,000,000
PL 434 - 81st Congress, October 29, 1949	-	-	100,000,000 f/	1,535,000,000
PL 759 - 81st Congress, September 6, 1950	365,000,000	-	240,000,000	1,660,000,000
PL 759 - 81st Congress, September 6, 1950	240,000,000	125,000,000	-	2,025,000,000
PL 843 - 81st Congress, September 27, 1950	573,232,449 g/	-	-	2,598,232,449
PL 911 - 81st Congress, January 6, 1951	1,834,911,000	-	-	4,433,143,449
PL 253 - 82nd Congress, November 1, 1951	590,216,500	-	-	5,023,359,949
PL 253 - 82nd Congress, November 1, 1951	200,000,000	-	200,000,000	5,023,359,949
PL 455 - 82nd Congress, July 25, 1952	203,979,000	-	70,000,000	5,157,338,949
PL 176 - 83rd Congress, July 31, 1953	-	-	30,000,000	5,127,338,949
PL 428 - 83rd Congress, June 24, 1954	-	-	27,600,000	5,099,738,949
PL 663 - 83rd Congress, August 26, 1954	379,952,000 h/	-	-	5,479,690,949
PL 112 - 84th Congress, June 30, 1955	321,721,000 i/	-	-	5,801,411,949
PL 112 - 84th Congress, June 30, 1955	27,400,000	-	27,400,000	5,801,411,949
PL 844 - 85th Congress, August 28, 1958	3,000,000	-	-	5,804,411,949
Rescinded by PL 255 - 86th Congress, September 14, 1959	-58,370,923 j/	-	-	5,746,041,026
PL 626 - 86th Congress, July 12, 1960	22,237,000 k/	-	-	5,768,278,026
PL 141 - 87th Congress, August 17, 1961	16,682,510 l/	-	-	5,784,960,536
PL 741 - 87th Congress, October 3, 1962	8,729,887 m/	-	-	5,793,690,423
PL 215 - 88th Congress, December 19, 1963	23,925,000	-	-	5,817,615,423 n/
Total PL 117 and 520	$5,887,615,423	$1,020,000,000	$1,020,000,000	$5,887,615,423

a/ Congressional appropriations of funds for stockpiling purposes.
b/ Congressional appropriations of contracting authority for stockpiling purposes in advance of appropriation of funds.
c/ Congressional authorization to liquidate outstanding obligations incurred under previously granted advance contract authority.
d/ Cumulative total of appropriated funds and advance contract authorization, less authorization to liquidate outstanding advance contract.
e/ Excludes $8,845,792 received from sale of stockpile materials for wartime consumption. Receipts were returned to Treasury, February 1948.
f/ Cancellation of previously authorized authority to make contracts.
g/ Excludes $25,404,921 transferred to operating expenses for rehabilitation of Government-owned material producing plants.
h/ Excludes $48,000 transferred to Transportation and Public Utilities Service, GSA.
i/ Excludes $430,000 transferred to Transportation and Public Utilities Service, GSA and $199,349,000 transferred to General Fund Receipts on June 27, 1956 - PL 623 - 84th Congress.
j/ As of June 30, 1959 this amount included cash of $52,350,792 and receivables of $6,020,131.
k/ Excludes $7,763,000 transferred to other GSA Funds for classified and wage board salary increases during 1961.
l/ Appropriation of $40,000,000 of which $22,700 transferred to Office of Administrator, GSA and $23,294,790 transferred to General Fund Receipts.
m/ Appropriation of $18,095,000 less transfers to General Fund Receipts of $9,365,113.
n/ Excludes receipts from rotational sales.

SOURCE:
GENERAL SERVICES ADMINISTRATION

TOTAL OBLIGATIONS AND EXPENDITURES OF STOCKPILING FUNDS

Under PL 117 and PL 520 for THE NATIONAL STOCKPILE

CUMULATIVE AND BY FISCAL PERIOD THROUGH JUNE 30, 1964

Fiscal Period	OBLIGATIONS INCURRED A/		EXPENDITURES B/	
	Net Change By Fiscal Period	Cumulative As of End of Period	By Fiscal Period	Cumulative As of End of Period
Prior to Fiscal Year 1948	$ 123,871,685	$ 123,871,685	$ 66,330,731	$ 66,330,731
Fiscal Year 1948	252,901,411	376,773,096	82,907,575	149,238,306
Fiscal Year 1949	459,766,881	836,539,977	304,486,177	453,724,483
Fiscal Year 1950	680,427,821	1,516,967,798	440,834,970	894,559,453
Fiscal Year 1951	2,075,317,099	3,592,284,897	655,537,199	1,550,096,652
Fiscal Year 1952	948,117,547	4,540,402,444	844,683,459	2,394,780,111
Fiscal Year 1953	252,375,163	4,792,777,607	906,158,850	3,300,938,961
Fiscal Year 1954	116,586,681	4,909,364,288	644,760,321	3,945,699,282
Fiscal Year 1955	321,799,833	5,231,164,121	801,310,094	4,747,009,376
Fiscal Year 1956 C/	251,692,667	5,482,856,788	382,011,786 C/	5,129,021,162 C/.
Fiscal Year 1957	190,000,109	5,672,856,897	354,576,558	5,483,597,720
Fiscal Year 1958	54,473,250	5,727,330,147	173,753,997	5,657,351,717
Fiscal Year 1959	38,710,879	5,766,041,026	65,260,098	5,722,611,815
Fiscal Year 1960	19,859,290	5,785,900,316	49,227,142	5,771,838,957
Fiscal Year 1961	29,082,919	5,814,983,235	33,325,431	5,805,164,388
Fiscal Year 1962	31,179,407	5,846,162,642	33,695,431	5,838,859,819
Fiscal Year 1963	17,414,900	5,863,577,542	22,104,176	5,860,963,995
Fiscal Year 1964	15,489,597	5,879,067,139	16,091,067	5,877,055,062

A/ Figures are the sum of obligations incurred under PL 520, 79th Congress and PL 117, 76th Congress. Final obligations under PL 117, 76th Congress were incurred in Fiscal Year 1949.

B/ Figures are the sum of expenditures under PL 520, 79th Congress and PL 117, 76th Congress. Final expenditures under PL 117, 76th Congress were made in Fiscal Year 1951.

C/ 1956 and subsequent fiscal periods and cumulative expenditures are reported on an accrual basis.

SOURCE: GENERAL SERVICES ADMINISTRATION

EXPENDITURES OF STOCKPILE FUNDS, BY TYPE

(for the National Stockpile)

Cumulative and for Second Half Fiscal Year 1964

Type of Expenditure	Cumulative Through December 31, 1963	Six Months Ended June 30, 1964	Cumulative Through June 30, 1964
Expenditures			
Gross Total	$6,411,620,748	$8,304,339	$6,419,925,087
Less: Adjustment for Receipts from Rotation Sales and Reimbursements	542,686,188	183,837	542,870,025
Net Total	5,868,934,560	8,120,502	5,877,055,062
Material Acquisition Costs, Total	5,436,451,726	446,465	5,436,898,191
Stockpile Maintenance Costs, Total	375,260,061	5,833,594	381,093,655
Facility Construction	43,772,457	-	43,772,457
Storage and Handling Costs	228,723,139	5,845,115	234,568,254
Net Rotation Costs	102,764,465	-11,521	102,752,944
Administrative Costs	50,223,625	1,227,104	51,450,729
Operations, Machine Tool Program	6,999,148	613,339	7,612,487

a/ Cumulative figures are the total of expenditures under PL 117, 76th Congress and PL 520, 79th Congress. Expenditures under PL 117 totaled $70,000,000 of which $55,625,237 was for materials acquisition costs and $14,374,763 was for other costs. Final expenditures under PL 117 were made in FY 1951.

SOURCE: GENERAL SERVICES ADMINISTRATION

DMO 8600.1—GENERAL POLICES FOR STRATEGIC AND CRITICAL MATERIALS STOCKPILING

1. *Purpose.* This order sets forth policies for the administration of strategic and critical materials stockpiling.

2. *Cancellation.* This order supersedes Defense Mobilization Order V–4 (19 F.R. 7458, November 19, 1954), Defense Mobilization Order I–17 (20 F.R. 3437, May 17, 1955), Defense Mobilization Order V–7 (24 F.R. 10308, Dec. 19, 1959) and Amendment 1 thereof (27 F.R. 4169, May 2, 1962).

3. *Policies.* By virtue of the authority vested in me by Executive Order 11051, the following policies are promulgated to govern the administration of strategic and critical materials stockpiling:

a. *General.* The strategic stockpile shall be so administered as to assure the availability of strategic and critical materials in a war emergency.

b. *Period covered by stockpiling.* All strategic stockpile objectives for conventional war shall be limited to meeting estimated shortages of materials for a three-year emergency period. Strategic stockpile objectives for nuclear war involving attack on the United States, shall be designed to meet estimated shortages of materials during (a) actual hostilities and (b) the reconstruction of the national economy to a point where it is adequate for national defense.

c. *Stockpile objectives.* Strategic stockpile objectives shall be adequate for limited or general, conventional or nuclear war, whichever shows the largest supply-requirements deficit to be met by stockpiling.

d. *Emergency requirements.* The requirements estimates for limited or general, conventional or nuclear war shall, where appropriate, reflect specific requirements to the extent available. It shall be assumed that the total requirements will approximate the capacity of industry to consume, taking into account necessary wartime limitation, conservation and substitution measures. Requirements shall be discounted for wartime losses of consuming capacity to the extent that such losses can be reliably estimated. Departments and agencies having responsibilities with regard to requirements data on stockpile materials shall review such data and provide the Director of the Office of Emergency Planning annually with information as to all significant changes.

e. *Emergency supplies.* Estimates of supply for the mobilization period shall be based on readily available capacity and known resources. No reliance shall be placed on foreign sources of supply beyond North America and comparably accessible sources during an emergency. The share of an accessible foreign source of supply available to the United States shall be discounted to reflect the risks involved internally in the supply country and the risks of concentration of the sources. Domestic supplies shall be discounted to reflect vulnerability to total or partial destruction by overt to covert action. In cases of excessive concentration particularly, provision shall be made for supplies during the estimated time required to restore capacity and operations. Departments and agencies having the responsibilities with regard to supply data on stockpile materials shall review such data and provide the Director of the Office of Emergency Planning annually with information as to all significant changes.

f. *Provision for special-property materials.* Arrangements shall be made for the regular availability of objective scientific advice to assist in the evaluation of prospective needs for high-temperature and other special-property materials. Such materials shall be stockpiled if reasonably firm minimum requirements indicate the existence of a supply deficit in the event of an emergency.

g. *Supply-requirements reviews.* The supply-requirements balance for any material that is now or may become important to defense shall be kept under continuing surveillance. Supply-requirements data submitted pursuant to paragraphs d. and e. above shall be examined upon receipt. A full-scale review may be undertaken at any time that a change is believed to be taking place that would have a significant bearing on the wartime readiness position. Priority of review shall be given to materials under procurement.

h. *Procurement policy.* Unfilled objectives shall be attained expeditiously by cash procurement, barter, surplus transfers or otherwise as the Director shall deem appropriate. Long term contracts shall contain termination clauses whenever possible. Although various measures that are feasible shall be considered for meeting a materials deficit in an emergency, measures other than stockpiling shall be undertaken only after it is clear that stockpiling is not the best solution.

i. *Maintenance of the mobilization base.* A portion of the mobilization base comprises existing or projected productive capacity the output of which will be relied on to fill defense requirements. All inventories of Government-owned materials held for long-term storage are a part of the mobilization base and should be weighed in determining the need for a relevant portion of the productive segment of the mobilization base. The maintenance of any portion of the productive segment of the mobilization base through stockpile procurement shall be undertaken only within unfilled stockpile objectives.

j. *Upgrading to ready usability.* In order to satisfy the initial surge of abnormal demands following intensive mobilization either in a general or limited, conventional or nuclear war, subobjectives of stockpile materials shall be established for upgraded forms of such materials for immediate use in such circumstances. For this purpose a minimum readiness inventory shall be provided near centers of consumption. To the greatest extent practicable the amounts of such inventories should be based on the largest of the calculated mobilization requirements for any of the foregoing types of war during the first six months of the first year of mobilization. Materials in Government inventories may be upgraded for such stockpiling purposes only when the net cost of such processing including transportation and handling is less than the cost of new material. Materials should be upgraded to forms which will permit the greatest use-flexibility. Surplus materials may be used to pay for the upgrading of the same or other materials required to meet objectives providing that the use of excess materials for this purpose is in conformance with disposal criteria.

k. *Beneficiation of subspecification materials.* Subspecification-grade materials in Government inventories may be beneficiated within the limits of the objectives when this can be accomplished at less cost than buying new material.

l. *Cancellation of commitments.* Commitments for deliveries to national stockpile and Defense Production Act inventories beyond the objectives shall be cancelled or reduced when settlements can be arranged which would be mutually satisfactory to the supplier and the Government and which would not be disruptive to the economy or to projects essential to the national security. Such settlements may take into account anticipated profits and cover adjustments for above-market premiums. The settlement of commitments may be made through the payment of cash or through the use of surplus materials. Responsibility with respect to the settlement of commitments in the light of over-all in-

terests of the Government rests with the Administrator of General Services who shall keep other agencies advised and consult with them to the extent appropriate.

m. *Retention of other inventories.* Within the limits of unfilled stockpile objectives, stockpile-grade materials in the Defense Production Act and the Supplemental Stockpile inventories shall be retained for national stockpile purposes.

n. *Disposals.* The Director of the Office of Emergency Planning will authorize the disposal of excess materials whenever possible under the following conditions: (a) avoidance of serious disruption of the usual markets of producers, processors and consumers, (b) avoidance of adverse effects on the international interests of the United States, (c) due regard to the protection of the United States against avoidable loss, (d) avoidance of adverse effects upon domestic employment and labor disputes, and (e) except when materials are channeled to other agencies for their direct use, consultation with the Departments of the Interior, Commerce, State, Agriculture, Defense, Labor, and other governmental agencies concerned, and consultation as appropriate with the industries concerned. If within 30 days after such consultation either the Department of State or the Department of the Interior indicates an objection to the proposed plan which, after discussion, the Director does not support, he shall so notify the President and present the issue to him for decision. To the extent possible disposals should be made in accordance with long-run disposal plans which have been worked out in consultation with the interested departments and which take into account probable trends in supply and price both at home and abroad.

In making such disposals preference shall be given to materials in the Defense Production Act inventories.

Disposals of materials that deteriorate, that are likely to become obsolete, that do not meet quality standards, or that do not have stockpile objectives, are to be expedited.

The Administrator of General Services shall be responsible for conducting negotiations for the sale of materials and will consult with and advise the agencies concerned.

o. *Public notice on disposals.* Generally the sale of excess materials acquired under the Defense Production Act will be made only after appropriate public announcement of the quantity or quantities to be offered in a specified period of time.

p. *Direct Government use.* Government agencies which directly use strategic and critical materials shall fulfill their requirements through the use of materials in Government inventories that are excess to the needs thereof whenever such action is found to be consistent with over-all disposal policies and with the best interests of the Government. Except where appropriate in the judgment of the Administrator of General Services, the requirements of subsection n, above, with respect to approval by Government departments or agencies and consultation with industries, shall not be applicable to transfers of strategic and critical materials for direct Government use.

4. *Delegation of authority*—a. *Preparation of reports.* The Administrator of General Services shall prepare on behalf of the Director of the Office of Emergency Planning and forward to him for transmittal to the Congress the reports required by section 304 of the Defense Production Act of 1950, as amended, and section 4 of the Strategic and Critical Materials Stock Piling Act.

b. *Supplemental Stockpile.* The Administrator of General Services shall on behalf of the Director of the Office of Emergency Planning and in accordance with programs certified by him, purchase or contract for the purchase of materials for the Supplemental Stockpile under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended.

5. *Effective date.* This order shall take effect on the date hereof.

Dated: March 30, 1964.

EDWARD A. MCDERMOTT,
Director,
Office of Emergency Planning.

[F.R. Doc. 64-3608; Filed, Apr. 13, 1964; 8:46 a.m.]

NATIONAL SECURITY COUNCIL 28

November 5, 1964

NOTE FOR MR. BROMLEY SMITH 5

Brom --

Per our telephone conversation.

C. E. Johnson

DRAFT 11/3/64 CEJ:feg

28a

NATIONAL SECURITY ACTION MEMORANDUM NO. ———

SUBJECT: Review of Strategic Stockpile Objectives

TO:

I approve the recommendation of the Director of the Bureau of the Budget, which was concurred in by the Secretary of Defense and the Director of Emergency Planning, that the responsible departments and agencies undertake a review, in light of the current military judgment of the Joint Chiefs of Staff, of what material resources would be required to conduct a successful conventional war against most likely potential enemies and also of the material resources that would be required to rehabilitate the economy and social organization of the country following a major nuclear exchange.

Specifically I direct that a ~~review~~ study be made of:

(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

(2) The assumptions, techniques, and goals now being used in the study of post-nuclear attack supply requirements.

(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency.

To organize and coordinate this study I have established a Special Committee on Stockpile Objectives with my Special Assistant for National Security Affairs as chairman. The other members are the Secretary of Defense, the Secretary of Commerce, the Director of Emergency Planning, the Chairman of the Council of Economic

Advisers, and the Director of the Bureau of the Budget. In conducting the study, this Committee will draw on the resources of all the appropriate departments and agencies.

I request that the Committee report its findings and recommendations to me by April 1, 1965.

LBJ

Cy to Coppin
McRae
McDermott
F. Baton

~~L. E. Johnson~~ 5398

29

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

OCT 26 1964

MEMORANDUM FOR THE PRESIDENT

Subject: NSC review of strategic stockpile objectives and post-nuclear attack planning

Background

1. The U.S. Government currently owns $8 billion of materials, mainly minerals, in its various strategic stockpiles.

2. Current stockpile objectives have been calculated on the assumption of a three-year all-out conventional war.

3. In the case of most materials, however, our stockpiles are substantially in excess of these relatively large strategic objectives.

4. The OEP is currently engaged in a post-nuclear attack planning exercise to determine supply requirements for post-attack rehabilitation, including stockpile requirements.

5. As you know, proposals to dispose of surplus copper during the current tight market situation have encountered objections because of the possibility that the post-attack planning exercise may result in raising the current copper stockpile objective.

6. Overall, the volume of disposals of surplus materials has been increasing in recent years. Receipts from these disposals reduce the budget deficit. Senator Symington introduced legislation in the 88th Congress to facilitate disposal operations. With such legislation, the major deterrent to disposals would be the limits imposed by our desire not to disrupt commercial markets. However, we ought also to make sure that disposals are not held up by unnecessarily high estimates of wartime requirements.

Discussion

Secretary McNamara and I believe that an overall review of both the conventional war stockpile objectives and the current post-nuclear attack planning exercise is called for.

Cy to Kenny Boston

5.55

-- The conventional war objectives are based on the assumption of a three-year all-out war in which it is assumed that the U.S. will have no access to foreign supplies, except in nearby areas. This and other similar assumptions should be reexamined.

-- The whole concept of developing a stockpile of materials for post-nuclear attack needs a careful review. By its very nature a nuclear attack would reduce the labor force and processing facilities relative to mineral capacity and mineral inventories. Raw materials are most likely therefore to be in surplus.

-- This consideration, in turn, raises the possibility of stockpiling items in fabricated form. But here we face the danger that the items in the stockpile may soon become obsolete.

-- Given scarce budget resources, we must also consider the relative merits of stockpiling items for immediate human consumption -- food, clothing, medicine, etc. -- against the merits of stockpiling items for economic rehabilitation. And these in turn must be weighed in the light of resources devoted to a shelter program.

In summary, these questions raise substantial issues of national security, and should be considered by the National Security Council.

Recommendation

I recommend that:

1. You direct the NSC to establish a subcommittee to review stockpile policy.

2. This subcommittee be composed of Messrs. McNamara, McDermott, Bundy, Heller, and Gordon.

3. The subcommittee should: first, reexamine the major assumptions used in calculating existing conventional war stockpile objectives; second, review the assumptions, techniques, and goals stipulated in the post-nuclear attack supply requirements study currently being

conducted by the Office of Emergency Planning; and third, consider the relationship of economic rehabilitation requirements to other post-nuclear attack supply requirements, such as food, shelter, medicine, etc.

4. The subcommittee should report to you its findings and recommendations by April 1, 1965.

Secretary McNamara concurs in these recommendations.

I am attaching a draft note from you to McGeorge Bundy, asking him to draw up an appropriate National Security Action Memorandum.

KERMIT GORDON
Director

Attachment

Approved _____

Date _____

THE WHITE HOUSE

Washington

MEMORANDUM FOR MR. BUNDY

I approve the recommendations made in the attached memorandum from Kermit Gordon. Would you please draft a National Security Action Memorandum incorporating his suggestions.

Attachment

2155

5398

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

30

OCT 26 1964

MEMORANDUM FOR THE PRESIDENT

Subject: NSC review of strategic stockpile objectives and post-nuclear attack planning

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Discussion

Secretary McNamara and I believe that an overall review of both the conventional war stockpile objectives and the current post-nuclear attack planning exercise is called for.

2155

-- The conventional war objectives are based on the assumption of a three-year all-out war in which it is assumed that the U.S. will have no access to foreign supplies, except in nearby areas. This and other similar assumptions should be reexamined.

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conducted by the Office of Emergency Planning; and third, consider the relationship of economic rehabilitation requirements to other post-nuclear attack supply requirements, such as food, shelter, medicine, etc.

4. The subcommittee should report to you its findings and recommendations by April 1, 1965.

Secretary McNamara concurs in these recommendations.

I am attaching a draft note from you to McGeorge Bundy, asking him to draw up an appropriate National Security Action Memorandum.

KERMIT GORDON
Director

Attachment

Approved _____

Date _____

THE WHITE HOUSE

Washington

MEMORANDUM FOR MR. BUNDY

I approve the recommendations made in the attached memorandum from Kermit Gordon. Would you please draft a National Security Action Memorandum incorporating his suggestions.

Attachment

2155

~~SECRET~~

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D.C.

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ALLATIONS AND LOGISTICS
PD

10 FEB 1964

Dear Ed:

This is in response to your request of January 3, 1964 for updated assumptions and definitions regarding the accessibility of raw materials sources in time of limited and/or non-nuclear conventional war.

In classifying any source country as "accessible" we mean that the country in question is expected to be neither (1) aligned with the enemy, (2) enemy occupied or controlled, (3) an active theater of war, (4) subjected to significant damage from without, nor (5) effectively blockaded to United States or allied shipping. Conversely, any source country is classified as "inaccessible" if any one or more of these five conditions is reasonably expected to exist.

You have asked specifically whether the Department of Defense classification of a source country as "accessible" means that the U. S. would be able to load bulk ores at the ports. Our classification, as defined above, would include such a capability from the standpoint of accessibility to shipping and absence of significant damage to port facilities from external sources. The possibility of damage to port facilities from internal sources should be evaluated as a part of the political and economic factors developed by other agencies.

In the past, the Department of Defense has classified some sources as being accessible to a limited extent, or for limited periods. Since these classifications were not precisely defined, and cannot be, it has been the practice of OEP and its predecessors to consider such sources as inaccessible. In order to avoid recurrence of this indefinite classification, we will classify source countries as either "accessible" or "inaccessible" in the military sense as defined in the second paragraph of this letter, with no attempt to differentiate between degrees of inaccessibility.

For the purposes of establishing strategic and critical materials stockpile objectives for conventional (non-nuclear) war, the following countries should be considered inaccessible:

OPY NO. 2

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1. The USSR, Communist China and their satellites. This does not include Cuba.

2. Yugoslavia, Iran, Iraq and Afghanistan.

3. Burma, Thailand, Malaysia, South Vietnam, Laos, Cambodia, South Korea and Hong Kong.

All other countries are considered accessible. Furthermore, losses of material in transit, whether by air or surface, are expected to be negligible in a conventional (non-nuclear) war.

Your letter of January 3 did not request updated assumptions for general (nuclear) war. However, it is felt that these should be stated here so that assumptions pertinent to both conventional and general war situations will be available to you in one document.

The general war contingency does not modify our definition of "accessible" as stated in the second paragraph of this letter. Under general war conditions a principal reason for classifying additional source countries as "inaccessible" is the likelihood of massive damage.

For the purpose of establishing strategic and critical raw materials stockpile objectives for general (nuclear) war, the following countries should be considered inaccessible:

1. The USSR, Communist China and their satellites.
2. Continental Western Europe, except Spain and Portugal.
3. United Kingdom, Ireland and Iceland.
4. Yugoslavia, Greece, Turkey, Lebanon, Israel, Syria, Jordan, Iran, Iraq, Afghanistan, Kuwait, Saudi Arabia, Malta and Cyprus.
5. Africa, bordering on the Mediterranean.
6. India, Pakistan, Burma, Thailand, Malaysia, South Vietnam, Laos, Cambodia, South Korea and Hong Kong.

All other countries are considered accessible, with available supplies of materials subject to transit loss discounts as follows:

1. No discount for air transportable small volume commodities (annual volume from one country not in excess of 500 short tons).

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2. A discount of five per cent for larger volume commodities shipped by sea from Spain, Portugal, Greenland, West Coast of Africa, Ceylon, Indonesia, Borneo and the Philippine Islands.

3. A discount of three per cent for larger volume commodities shipped by sea from countries bordering on the Gulf of Mexico and the Caribbean.

4. Transit losses from all other accessible sources are expected to be negligible.

Sincerely,

Thomas D. Morris

THOMAS D. MORRIS
Assistant Secretary of Defense
Installations and Logistics

Honorable Edward A. McDermott
Director, Office of Emergency Planning
Executive Office of the President
Washington 25, D. C.

 ~~SECRET~~

THE WHITE HOUSE
WASHINGTON

NSAM No. 321

Dec 1, 1964

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

November 17, 1967

MEMORANDUM FOR HOLDERS OF NSAM NO. 321

SUBJECT: Review of Strategic Stockpile Objectives

The Special Committee on Stockpile Objectives created by NSAM No. 321 is no longer the mechanism through which strategic stockpile objectives are currently being studied and reviewed and, accordingly, it is formally terminated effective immediately in accordance with the President's wish that all unnecessary inter-agency committees and task forces be terminated.

W W Rostow

W. W. Rostow

~~CONFIDENTIAL~~

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NSAM 321

Alice -

For Bromley Smith's files. I have copies for our files.

Florence
11/20/67

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 16, 1967

MEMORANDUM FOR MR. W. W. ROSTOW

Recently in response to a request to all agencies from the Bureau of the Budget, we reviewed the interagency and advisory committees associated in some manner with the NSC.

This review brought to our attention two committees that are quiescent and should be formally terminated in line with the President's wish that all unnecessary interagency committees and task forces be eliminated. These two committees are the Special Committee on Stockpile Objectives, established by NSAM No. 321, dated December 1, 1964, and the Task Force on Southeast Asian Economic and Social Development, established by NSAM No. 329, dated April 9, 1965.

The Special Committee on Stockpile Objectives was set up at the request of the Bureau of the Budget to do a specific job. A draft committee report and NSAM was given to Joe Califano in March 1966. In a memorandum for the State Department dated January 27, 1965, Mac Bundy stated that the Committee was a temporary one established solely for reviewing the general policy, planning premises and procedures now being followed for the determination of specific stockpile objectives. In view of the fact that there is no further need for this committee, I recommend that it be terminated. Chuck Johnson ~~and~~ Ed Fried, and Joe Califano support this view.

The second committee, which was set up to review the possibilities of developing a regional approach to the problems of Southeast Asia and specifically to prepare plans and recommendations for the President and Mr. Black with respect to the positions the U. S. should take in support of the April 7, 1965 Johns Hopkins speech, has long completed its work. Accordingly, I recommend that it be formally terminated.

If you agree with these recommendations, I attach draft memoranda for your signature.

BKS

Bromley Smith

34c

OFFICIAL USE ONLY

MEMORANDUM FOR HOLDERS OF NSAM NO. 329

SUBJECT: Task Force on Southeast Asian Economic and Social Development

This is to record the fact that the above Task Force completed its assignment and is formally terminated herewith in accordance with the President's wish that all unnecessary interagency committees and task forces be terminated.

(signed) W. W Rostow

W. W. Rostow

35

November 16, 1967

FOR BROMLEY SMITH

FROM Joe Califano

We are going to put together a new group (o. k.)

THE WHITE HOUSE
WASHINGTON

To Mr. Califano

For clearance of

death sentence of

Special Committee on

Stockpile Objectives

Brom

✓ OK

___ Delay

We are going to propose a new group. 11/16/67

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 2, 1967

Mr. Phillip S. Hughes
Deputy Director
Bureau of the Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Hughes:

In response to your October 27, 1967 request for information concerning certain interagency and advisory committees associated in some manner with the National Security Council, you are advised that there are three committees that are more or less active or available for use by the NSC:

(a) Executive Committee of the National Security Council, established by NSAM No. 196, dated October 22, 1962.

(b) Review Committee on Underground Nuclear Tests, established by NSAM No. 210, dated December 12, 1962. Further instructions to this committee are contained in NSAM No. 269, dated October 31, 1963, and NSAM No. 307, dated June 19, 1964.

(c) Interagency Advisory Committee on Essential Activities and Critical Occupations, which has been in existence since the 1940's, was made advisory to the NSC by order of the President on August 8, 1967 (NSAM No. 363). The details concerning this committee should be obtained from the Secretary of Labor.

In addition to these three committees, there are two other committees that are quiescent and have been scheduled for possible elimination. They are the Review Committee on Strategic Stockpile Objectives, established by NSAM No. 321, dated December 1, 1964, and the Task Force on Southeast Asian Economic and Social Development, established by NSAM No. 329, dated April 9, 1965.

All of the NSAM's referred to above which specify the composition, terms of reference and nature of the Presidential assignment have previously been supplied to the Bureau of the Budget and there is no need for repeating that information at this time. All of the above committees and task forces are ad hoc and ex officio and do not involve any special financing arrangements.

Sincerely yours,

Bromley Smith

Bromley Smith

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 2, 1967

MEMORANDUM FOR MR. BROMLEY SMITH S

Brom --

Here is a draft reply to Hughes responding to the Bureau's circular letter to Department and Agency Heads requiring information on certain interagency and advisory committees "required by the White House." I have tried to hold the reply to an absolute minimum that would record our compliance but not go overboard with a lot of extraneous information.

I recommend that you bring to Walt's attention the need for abolishing the two committees I mentioned as being scheduled for possible elimination. The Southeast Asian Task Force is obviously obsolete and the Strategic Stockpile Committee was never able to do the job that it was set up to do. Joe Califano took over the stockpile function and has been working directly with OEP and DOD. I don't know whether Ed Fried has any interest in this matter and if you wish, I can check with him.

Charles E. Johnson

~~CONFIDENTIAL~~ Attachment

3'1

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

October 27, 1967

C. Johnson

Honorable Bromley K. Smith
Executive Secretary
National Security Council
The White House
Washington, D. C. 20506

Dear Mr. Smith:

In order to prepare materials required by the White House Office, you are requested to furnish the Bureau of the Budget with information on certain interagency and advisory committees. In part, these data are in addition to those normally furnished under Bureau of the Budget Circular No. A-63 and Executive Order No. 11007.

Information is requested on each of the following committees which is currently in existence:

(1) Interagency committees, as defined in section 1 of Circular No. A-63, which your agency chairs and which come within the scope of section 6a of the Circular (that is, those established by legislation, executive order or at the direction of the President).

(2) Any advisory committee or industry advisory committee, as defined in section 2 of Executive Order No. 11007, which has been established by legislation, executive order or at the direction of the President to provide advice or recommendations to your agency.

(3) Other interagency committees which your agency chairs and other advisory committees which provide advice and recommendations to your agency in which the President is directly involved either in making appointments, exercising supervision, receiving reports, acting on recommendations, or providing funds.

The following information is requested on each of the above committees:

(1) Name of the committee.

(2) The means and date of its establishment and the name and title of the official who established the committee if applicable.

(3) Membership, either in the form of names of members or agencies represented.

(4) Brief statement of terms of reference, scope or purpose.

(5) Estimated duration or expected termination date, if any.

(6) Description of financing arrangements or source of funds.

(7) Estimate of costs, including costs of agency staff time, either for one-year or for the life of the group (specify period covered).

(8) Nature of Presidential involvement (e.g., creation, termination, appointments, supervision, receipt of report, etc.).

The above material should be furnished in duplicate to this office no later than November 3, 1967. Questions may be referred to Howard Schnoor, Director, Government Organization Staff (Code 103, extension 4934).

Sincerely,

Phillip S. Hughes
Deputy Director

File Copy

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

November 17, 1967

MEMORANDUM FOR HOLDERS OF NSAM NO. 321

SUBJECT: Review of Strategic Stockpile Objectives

The Special Committee on Stockpile Objectives created by NSAM No. 321 is no longer the mechanism through which strategic stockpile objectives are currently being studied and reviewed and, accordingly, it is formally terminated effective immediately in accordance with the President's wish that all unnecessary inter-agency committees and task forces be terminated.

W W Rostow

W. W. Rostow

Distribution:

Secy Defense (McNamara)
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CIA (Ackley)
Black, Eugene

C. Johnson
NSC Files

Dispatched 11/17/67

~~CONFIDENTIAL~~

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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

December 1, 1964

NATIONAL SECURITY ACTION MEMORANDUM NO. 321

TO: The Secretary of Defense
The Secretary of Commerce
The Director, Bureau of the Budget
The Director of Emergency Planning
Special Assistant for National Security Affairs
Special Assistant for Science and Technology
The Chairman, Council of Economic Advisers

SUBJECT: Review of Strategic Stockpile Objectives

I approve the recommendation of the Director of the Bureau of the Budget, which was concurred in by the Director of Emergency Planning and the Secretary of Defense, that a review be undertaken of national stockpile policy.

Specifically I direct that a study, in light of the current military judgment of the Joint Chiefs of Staff, be made of how the Government can best determine on a continually current basis: a) the material resources which would be required to win such conventional wars as seems most likely that we might have to fight, b) those resources that would be required to rehabilitate the economy and social organization of the country following a major nuclear exchange, should the U. S. be forced to deal with either of these contingencies, c) the alternative means available to provide these resources, and d) the policy implications (including fiscal and national security) of alternative courses of action.

The study will devote particular attention to:

(1) The major military and economic assumptions used in calculating existing conventional war stockpile objectives.

(2) The assumptions, techniques, and goals used in the establishment of post-nuclear attack supply requirements.

(3) The relationship of economic rehabilitation requirements to other post-nuclear requirements, such as those for food, shelter, medicine, and other resources required for the survival of the remaining population in the period of extreme emergency.

To organize and coordinate this study, I hereby establish a Special Committee on Stockpile Objectives with my Special Assistant for National Security Affairs as its chairman. The other members will be the Secretary of Defense, the Secretary of Commerce, my Special Assistant for Science and Technology, the Director of Emergency Planning, the Chairman of the Council of Economic Advisers, and the Director of the Bureau of the Budget. In conducting this study, this Committee will draw on the resources of all departments and agencies as appropriate.

I request that the Committee report its initial findings and recommendations to me by April 1, 1965.