(31)

EXECUTIVE

FILE MEMO
ELM
1/10/69

FG 11-8-1/Califano, Joseph
PL 2 WE 8
WE 6 CM/Sulphur
FG 11-15 ND 4-3
SP FG 285
FI 11 VA
FG 600/Task Force
FG 600/Task Force/T*

Box no. 1756 sent to Central Files by Mr. Joseph Califano's Office on the above date contains the following folders.

1. Sulphur
2. Youth - 1968
3. Social Security
4. Shriver, Sargent
5. Stockpile - General
6. Speeches - Good by Various People
7. Subversive Activities Control Board
8. Task Forces
9. Taxes
10. Veterans Programs
11. Veterans
12. Report to the President from President's Commission on Travel (Task Force on *Travel)
13. Miscellaneous Correspondence re: Election and Political Campaign.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

DD

EXECUTIVE

ND4-3

PQ1

Monday, December 9, 1968
6:20 p.m.

MEMORANDUM FOR THE PRESIDENT

From: Ernest Goldstein

Mr. President:

Stockpile disposals are running at a record rate.

November sales were $18.7 million --- the best thus far in the fiscal year.

The total sales for the first five months of FY 1969 are $81.2 million --- compared with $67.6 million for the same period last year.

Ernest Goldstein

TO ERNIE GOLDSTEIN

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

EXECUTIVE
ND 4-3

Monday, December 9, 1968
6:20 p.m.

MEMORANDUM FOR THE PRESIDENT

From: Ernest Goldstein

Mr. President:

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Ernest Goldstein

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DEC 19 1968
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gah/pw
To: Central Files

EXECUTIVE
ND 4-3
CM/Cobalt
FG 11-6
FG 240

(3)

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

OFFICE OF THE DEPUTY DIRECTOR

DEC 2 1968

Mr. John G. Harlan, Jr.
Commissioner
Property Management and Disposal
  Service
General Services Administration
Washington, D. C. 20405

Dear Mr. Harlan:

This is in reference to our letter of March 24, 1960, authorizing the release of 75,000 pounds of excess cobalt, along with certain other materials from the Defense Production Act inventory, to be used by Government agencies for their own domestic and foreign programs. This action was taken in part to facilitate the implementation of Section 3(p) of DMO 8600.1, (formerly Section 16 of DMO V-7) directing that excess materials should be used for such programs.

With the exception of cobalt, all the materials listed in the March 1960 letter have long since been consumed in Government-use programs. In the case of cobalt, only 1,000 pounds of the 75,000 pounds authorized have been released over an eight year period, ending September 30, 1968. We understand that because of certain legal aspects, your staff has restricted the release of cobalt under this authorization to direct Government-use programs not including foreign aid programs which have purchased substantial quantities of excess cobalt this past year under a general disposal program.

In light of the foregoing, you are hereby directed to consider the remaining 74,000 pounds of cobalt authorized under our letter of March 24, 1960, to be available for disposal in any manner which would be in the best interest of the Government including all types of commercial and Government-use programs.

Sincerely,

SIGNED

M. M. Merker
Deputy Director

cc: Honorable E. Ernest Goldstein

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DEC 4 1968
CENTRAL FILES

EXECUTIVE

ND4-3
CM/Quinine
CM/Titanium Sponge
FG11-6
FG240

Et. [illegible]

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

OFFICE OF THE DEPUTY DIRECTOR

NOV 29 1968

Honorable Lawson B. Knott, Jr.
Administrator of General Services
General Services Administration
Washington, D. C. 20405

Dear Mr. Knott:

The Strategic Stockpile Procurement Directive for Fiscal Year 1969 provided for the acquisition of 582,000 ounces of quinine and 17,000 short tons of titanium sponge (12,000 short tons from domestic producers and 5,000 short tons from friendly foreign nations).

Preliminary estimates of new stockpile objectives for these two materials under newly established criteria appear to indicate that no action should be taken at this time to acquire any quinine. Acquisition of titanium sponge should be limited to 6,000 short tons from domestic producers only.

As soon as official objectives for these materials are established, a formal amendment to our procurement directive will be sent to you.

All other materials listed in TABLE I of the FY 1969 Procurement Directive should be acquired as rapidly as possible.

Sincerely,

SIGNED

M. M. Merker
Deputy Director

Copy for
Hon. E. E. Goldstein
Special Assistant to the President

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NOV 29 1968
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EXECUTIVE
ND4-3
CM/Diamond
FG240

(2)

EF
BW

GENERAL SERVICES ADMINISTRATION
Washington, D.C. 20405

NOV 29 1968

MEMORANDUM FOR: Honorable E. Ernest Goldstein
Special Assistant to the President

SUBJECT : Disposal of Excess Industrial Diamond Stones

In response to your request for a report on the current status of our efforts to bring about a large-volume sales program for industrial diamonds, please be advised as follows:

You will recall that in March 1968 we met with Department of Justice officials to discuss potential sales to the Syndicate as well as potential inspection visits to the U.S. by Syndicate personnel.

The conclusions reached at that time were that antitrust considerations remained but the Department of Justice was not in a position to evaluate these against the potential economic benefits of such a sale to the Government and that GSA was to continue its exploration of potential sales outside the U.S. By mutual agreement it was determined to defer further consideration of the matter by the Department of Justice until GSA settled upon a specific method of disposal and determined its feasibility.

We have since determined that a program for disposal in foreign markets can be developed and convened a meeting of the Government-Industry Industrial Diamond Working Group on September 12 to further discuss undertaking such a program on a large-scale basis. The Working Group expressed no objection to disposal of large quantities of industrial diamonds abroad directly to the Syndicate or other dealers, indicated that we should attempt sales abroad before undertaking sales in the U.S., and advised that there might be several importer dealers in the U.S. who could handle such a transaction.

We are writing to industrial diamond brokers, dealers, consumers, and others requesting expressions of interest from firms which would be willing to:

1. Undertake the purchase of all or part of 1.5 million carats of industrial diamond stones out of the balance of 1.77 million carats remaining available from our current disposal authorization; and

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NOV 29 1968
CENTRAL FILES

2. Agree that the excess stockpile diamonds would be exported for sale outside the U.S.

We also intend to explore the feasibility of acquiring palladium or other materials authorized for acquisition by the Office of Emergency Preparedness' Procurement Directive for Fiscal Year 1969 in payment for the diamonds under the above plan and, alternatively, acquiring such materials under other arrangements involving payment with diamonds required to be exported for resale. When we have reached a conclusion as to the diamond disposal plan offering the highest potential, we will confer with you prior to issuing requests for proposals specifically defining the terms and conditions of the sale.

We will also confer with you at such time as to the need for and, if so, the time of further consultations with the Department of Justice.

J. E. MOODY
Deputy Administrator

gah/S

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

OFFICE OF THE DEPUTY DIRECTOR

(4)
EXECUTIVE
ND 4-3
7G 11-4
CM/graphite
7G 240

NOV 26 1968

Mr. John G. Harlan, Jr.
Commissioner
Property Management and Disposal
Service
General Services Administration
Washington, D. C. 20405

Dear Mr. Harlan:

We hereby approve the proposed plan outlined in the "Review of Conditions of Disposal of Natural Graphite, Other than Ceylon and Malagasy, Crystalline" forwarded with your letter of November 21, 1968, along with letters from the interested agencies indicating concurrence with the plan to dispose of the remaining 1,410 short tons by competitive negotiations without quantity restrictions.

It is noted that during the three year period since October 1965, when the Congress authorized the sale of about 2,010 short tons of excess natural graphite, other than Ceylon and Malagasy, crystalline, there has been only one sale consisting of 600 tons in August 1968 for delivery over a two year period.

We understand that the same purchaser has now indicated a specialized requirement for the balance of 1,410 short tons and, to take advantage of this demand, you propose to offer the material to all domestic consumers through competitive negotiations without restrictions as to quantity.

Your letter indicates that you have satisfied the Department of Commerce that the interest of any prospective participant will be fully considered.

Sincerely,

SIGNED

M. M. Merker
Deputy Director

cc: Honorable E. Ernest Goldstein

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NOV 29 1968
CENTRAL FILES

cc/
Ppw

GENERAL SERVICES ADMINISTRATION

Washington, D.C. 20405

NOV 22 1968

(3)

EXECUTIVE
ND4-3
CM/Tin
FG 240

MEMORANDUM FOR: Honorable E. Ernest Goldstein
Special Assistant to the President

SUBJECT : Disposal of Excess Stockpile Tin

In response to your request for a report on the current status of our efforts to reenter the tin market with a meaningful sales program, please be advised as follows:

You will recall that at our meeting of September 13, which included Mr. Anthony Solomon, it was decided that the Government would (1) defer any disposal action until after the International Tin Council meeting in September, (2) starting in early October we would proceed to undertake quiet discussions with major consumers who use tin in products ultimately delivered to the Government and with dealers who normally enter the supply stream and furnish tin to such consumers, looking toward long-range sales contracts which would result in annual disposals of excess tin in quantities approximating the annual direct and indirect Government use of tin, (3) the annual quantity we would be seeking to dispose of would be between 7,000 and 8,500 long tons, including AID requirements. Such quantity would be subject to adjustment prior to announcement of our program as a result of our refinement of Government-use estimates and consultations with tin producing countries, and (4) the Department of State would arrange consultations with the ITC members about mid-November prior to public announcement of our sales program.

In accordance with that understanding, we have discussed the program with the Department of State and did have discussions with major consumers and one major broker. As a result of those discussions, we are satisfied that we can establish a long-range sales program with major consumers and brokers along the lines of our original concept which would cover delivery over a period of several years.

In the interim, we have received from the Office of Emergency Preparedness the Procurement Directive for Fiscal Year 1969 which, among other materials, directs GSA to acquire quantities of titanium, palladium, and rutile needed to fulfill stockpile objectives. Our current appropriation act authorizes us to acquire materials required to meet stockpile objectives and to make payment for such materials with excess stockpile materials which have been authorized for disposal.

Each of the two major titanium domestic producing firms are subsidiaries of steel companies and one other major consumer of tin. Similarly, the major brokers dealing in palladium and rutile are also brokers for tin. We have explored the possibility of such barter arrangements informally and believe we can acquire each of these materials or a combination of them utilizing tin exclusively as the payment material.

We have talked this over with the Department of State and have obtained informal indication that this would be a feasible approach to the tin disposal problems. We have proposed to the Department of State that we reenter the tin market through the mechanism of using tin as payment material in our acquisition program. Such a program would result in movement of 4,000 to 5,000 long tons of tin per year over the next two years which, along with an estimated 3,000 long tons of tin for direct sale to AID, would result in an annual tin disposal program of about 7,000 to 8,000 tons.

We have also advised the Department of State that we believe immediate consultations should be undertaken to inform members of the ITC that we propose to carry out our tin disposal program in this manner, and that we intend to announce a solicitation of offers for any of the three materials or a combination of them using excess tin in payment and that AID sales would continue as in the past.

Since the ITC will be meeting about December 19, 1968, an early decision on consultation on either of the concepts we have discussed with the Department of State is essential if we are to avoid further delays in reinstituting our tin disposal program.

J. E. MOODY
Deputy Administrator

Ernie —
Believe it would be helpful if you would talk to Tony about this at this time.
Joe
11-23

Gale/

Filed: 11/18/68

EXECUTIVE

ND 4-3

STOCKPILE

____✓____ Discuss w/Stan Ross

____✓____ Then discuss w/Joe Moody, GSA

________ Set up mtg - Solomon of State, Moody of GSA, Morris of Defense, Price Daniel of OEP

____✓____ Stan Ross to provide earlier files, including materials relating to the legal problems of Stockpile

Everything except copper for time being; once copper problems out of the way, it will come into the fold

gah/BW
To: Central Files

EXECUTIVE (4)
ND 4-3
FG 11-6
FG 240
CM/ferrocolumbium
CM/ferrotungsten

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

OFFICE OF THE DIRECTOR

November 12, 1968

Honorable Lawson B. Knott, Jr.
Administrator of General Services
General Services Administration
Washington, D. C. 20405

Dear Mr. Knott:

Enclosed is Amendment No. 2 of Stockpile Procurement Directive for Fiscal Year 1969.

This amendment provides for an alternative method for the procurement of ferrocolumbium and ferrotungsten authorized for upgrading on Table I during Fiscal Year 1969. Under the amendment a note is inserted on Table I indicating that these two materials may be acquired either by upgrading or through the exchange of excess materials pursuant to the Independent Offices Appropriation Act for Fiscal Year 1969 (PL 90-550).

In addition, this amendment changes the note with reference to ferrotungsten on Table II, page 4, to read "Acquisition of 300,000 pounds "W" of ferrotungsten is authorized by (1) upgrading tungsten concentrates with payment-in-kind or (2) through the exchange of excess materials."

Sincerely,

Price Daniel

Price Daniel
Director

Enclosure

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DEC 3 1968
CENTRAL FILES

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
Washington, D. C. 20504

November 12, 1968

STRATEGIC STOCKPILE PROCUREMENT DIRECTIVE
FISCAL YEAR 1969

Amendment No. 2

The Strategic Stockpile Procurement Directive for Fiscal Year 1969 is hereby amended as follows:

1. Table I: Amend as follows:

TABLE I

Strategic and Critical Materials Authorized for Cash, Upgrading and Exchange Procurement

Material	Unit	Upgrading
Columbium, ferro	LB-CB	279,000 1/ 4/
Tungsten, ferro	W-LB	300,000 (W) 4/

4/ Acquisition may be either by upgrading or through the exchange of excess materials.

2. Table II: Amend note as follows:

TABLE II

Tungsten, ferro	Acquisition of 300,000 pounds "W" of ferrotungsten is authorized by (1) upgrading tungsten concentrates with payment-in-kind or (2) through the exchange of excess materials.

EF/ffx

EXECUTIVE (3)
ND 4-3
CM/Magnesium
FG 11-6

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

OFFICE OF THE DIRECTOR

OCT 28 1968

Mr. John G. Harlan, Jr.
Commissioner
Property Management and Disposal
Service
General Services Administration
Washington, D. C. 20405

Dear Mr. Harlan:

In response to your letter of October 24, 1968, enclosing a copy of the "Review of Conditions of Disposal of Magnesium," I have noted the letters you forwarded from the Departments of State, Commerce, and the Interior indicating general agreement with the proposed sales program.

According to your proposal an initial offering of 5,000 short tons is planned with subsequent periodic offerings to be determined by market conditions up to a total of 15,000 tons prior to June 30, 1969. In view of the expansion programs scheduled by industry during 1969, each of the interested agencies has requested that careful review be undertaken when future offerings are being considered.

We hereby approve your sales program on the basis outlined.

Sincerely,

"Signed"

Price Daniel
Director

cc: Honorable E. Ernest Goldstein
Special Assistant to the President

EXECUTIVE
FG 11-6
ND 11-3
FG 11-5
ND 2-2
IT 34

October 19, 1968

MEMORANDUM TO JIM JONES

As requested, I hereby list the items on which I need to see the President for a total of ten minutes before October 23:

1. Consideration of Stockpile Criteria Report by NSC on October 23.

2. Cabinet level support of Military High Heels-68 Exercise on October 24.

3. My attendance at NATO Senior Civil Emergency Committee meeting in Brussels in November and personal plans for the remainder of that month.

Price Daniel

RECEIVED

BW

October 18, 1968

EXECUTIVE
LE/ND 4-3
ND 4-3

MEMORANDUM FOR BILL HOPKINS:

Would you please notify me as soon as the President signs H.R. 5785, as I need to call Congressman John Young.

James R. Jones

JRJ:dbm

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OCT 18 1968
CENTRAL FILES

cc/

MEMORANDUM

EXECUTIVE
LE/ND4-3
ND4-3
CM/Magnesium

THE WHITE HOUSE

WASHINGTON

Monday, October 14, 1968
9:30 a.m.

MEMORANDUM FOR THE PRESIDENT

From: Ernest Goldstein

Mr. President:

H.R. 5785 was passed late Friday by the Senate authorizing the disposal of magnesium. Senator Williams receded from his amendment. The bill will alleviate a current magnesium shortage and reduce a balance of payments potential drain.

Ernest Goldstein

CENTRAL FILES
OCT 14 1968
RECEIVED

gah/hjw

EXECUTIVE
ND 4-3
FG 11-6
FG 240

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

OFFICE OF THE DIRECTOR

October 10, 1968

Honorable Lawson B. Knott, Jr.
Administrator of General Services
General Services Administration
Washington, D. C. 20405

Dear Mr. Knott:

Enclosed is the Strategic Stockpile Procurement Directive for Fiscal Year 1969.

The Directive, in Table I, provides for cash procurement of two million pieces of jewel bearings from the Federal facility at Rolla, North Dakota, the acquisition of seven commodities in exchange for excess materials, and two upgrading actions. The ten materials listed for procurement are all needed to fulfill established objectives or subobjectives.

The Independent Offices Appropriation Act for Fiscal Year 1969 (PL 90-550) provides legislative authority for the exchange of excess materials for those needed to fill objectives and cover the costs of upgrading services.

Table II identifies those materials with substantial objective-deficits and provides reference for procurement, planning, and program actions. A few needed materials have been deferred for the reasons indicated.

Amendments to this Directive will be issued should OEP find that further program determinations are necessary.

Sincerely,

Price Daniel

Price Daniel
Director

Enclosures

October 10, 1968

PROVISIONS

Strategic Stockpile Procurement Directive
Fiscal Year 1969

The General Services Administration is hereby authorized and directed to procure for the National Stockpile the kinds and quantities of strategic and critical materials set forth in Table I.

The term "procurement", as used herein, means cash purchases for the National Stockpile, payment with excess materials for upgrading materials in the National Stockpile, and the exchange of excess materials pursuant to the Independent Offices Appropriation Act of 1969 (PL 90-550).

The General Services Administration is also authorized to rotate materials to prevent deterioration.

The procurement of materials set forth in Table I shall be carried on in accordance with the following provisions:

A. General Provisions

1. Provisions applicable to all acquisitions

a. All materials acquired shall meet National Stockpile Purchase Specifications in effect at the time of commitment.

b. Every effort shall be made to acquire materials at least overall cost to the Government, subject to the applicable provisions of the Buy American Act and the provisions of this Directive with respect to domestic procurement in the interest of maintaining the domestic mobilization base.

c. Prior to undertaking any new acquisition, preference shall be given to acquiring materials without cost to the strategic stockpile from the Agency for International Development and predecessor agency contracts or transfers of Government-owned surpluses.

d. Acquisition of materials shall be accomplished without creating hardships in the civilian economy.

e. Basic material objectives shall be obtained expeditiously.

2. Provisions applicable to upgrading only

   a. The upgrading authorized is to be accomplished in the United States by converting material already on hand or on order.

   b. Upgrading costs may be financed by using excess materials in the Defense Production Act or National and Supplemental Stockpile inventories which have been authorized for disposal as payment-in-kind. When specific materials are to be used in the upgrading program, special authorization will be issued by the Office of Emergency Planning.

   c. A period of two years after the date of contract, plus necessary lead time, may be allowed for the upgrading when, in the judgment of the General Services Administration, completion of the upgrading over a period longer than one year plus lead time will result in more advantageous contract terms to the Government and less impact on the normal market.

B. Special Provisions relating to Individual Materials

1. Cash Purchases

Jewel Bearings. The quantities listed shall be for delivery from the Federal facility at Rolla, North Dakota, during Fiscal Year 1969 or as soon thereafter as delivery can be arranged, but production and delivery of the bearings should not be so scheduled as to preclude orderly development of the Rolla plant as a part of the industrial mobilization base or to prevent fulfillment of current military requirements. The jewel bearings acquired should be the unfilled balance of the types set forth in the Office of Emergency Planning letter of December 9, 1960, supplementing the Fiscal Year 1961 Strategic Stockpile Procurement Directive, and amendments thereto.

2. Exchange of Excess Materials

Pursuant to the Independent Offices Appropriation Act of 1969, materials maintained under the Defense Production Act of 1950, as amended, and excess materials in the National and Supplemental Stockpiles, the disposition of which is authorized by law, shall be available for exchange at fair market value to contractors as payment for expenses (including transportation and other accessorial expenses) for the acquisition of materials, or of refining, processing or otherwise beneficiating materials, or of rotation materials acquired for the National Stockpile.

This Directive shall become effective as of date of issuance.

Price Daniel

Price Daniel
Director

TABLE I

STRATEGIC STOCKPILE PROCUREMENT DIRECTIVE
FISCAL YEAR 1969

Strategic and Critical Materials Authorized for Cash, Upgrading and Exchange Procurement

Material	Unit	Cash	Upgrading		Exchange
Asbestos, chrysotile	ST				3,300
Columbium, ferro	LB-CB		279,000 1/		
Iridium	TrOz				3,100
Jewel bearings	PC	2,000,000			
Palladium	TrOz				200,000
Quinidine	OZ				400,000
Quinine	OZ				582,000
Rutile	SDT				20,000 2/
Titanium sponge	ST			(Domestic	12,000 2/
				(Foreign	5,000 2/ 3/
Tungsten, ferro	W-LB		300,000 (W)		

1/ Grade "B" only.
2/ Two year delivery.
3/ From friendly foreign nations only.

When operationally desirable, quantities may be rounded to next highest unit of one hundred for four digit items and to the next highest thousand for five digit numbers, since an overage of up to two percent of objective is permissible.

Noncommitted authorizations in previous Directives are superseded by this Directive. Commitments made pursuant to previous Directives are considered "On Order" and included in data shown in Table II.

TABLE II

STRATEGIC STOCKPILE PROCUREMENT DIRECTIVE
FISCAL YEAR 1969

Notes Related to Strategic Materials with Quantitative or Qualitative Objective Deficits

Introduction

Ten materials are listed in Table I for active procurement in Fiscal Year 1969. The following notes indicate all major objective-deficits and provide reference for procurement, planning, and program actions. Some of the materials are on order and such commitments are indicated. Procurement is deferred for certain items pending new supply-requirements studies. Some deficits are offset by the retention and substitution of other excesses in inventory. The Department of Agriculture announced the discontinuance of all barter transactions on September 27, 1967, except where funds have been appropriated to the agency responsible for stockpile procurement and made available to reimburse Commodity Credit Corporation. No such transactions were negotiated furing Fiscal Year 1968 and none are planned for Fiscal Year 1969.

Inventories shown indicate stockpile grade materials only.

Asbestos, chrysotile

Objective:	13,700 ST	Deficit to be acquired through exchange of excess materials.
Inventory:	10,456 (high and low)	
Deficit	3,244	

Chromium, ferro-silicon

Objective:	58,000 ST	Action to complete objective deferred pending improved availability of chromite ores.
Inventory:	55,608	
Deficit	2,392	

Columbium, ferro

Objective:	930,000 LbCb	On June 5, 1968, contract was awarded for the upgrading of columbium concentrates to ferro columbium containing not less than 186,000 pounds of columbium for delivery prior to December 2, 1968. Payment to be with excess columbium concentrates. Additional procurement authorized by this Directive.
Inventory:	368,450	
On Order:	186,000	
Deficit	375,000	

Columbium, metal

Objective:	45,000 Lb Cb	The subobjective of the material will be considered completed upon delivery of metal on order.
Inventory:	40,654	
On Order:	4,200	
Deficit	146	

Copper, OFHC

Objective:	67,600 ST	Action to complete this objective is deferred pending increased copper supply.
Inventory:	59,402	
Deficit	8,198	

Copper - Standard Forms

Objective:	702,840 ST	
Inventory:	193,266*	
On Order:	109,210	
Deficit	400,364	

* Uncommitted balance.

Action is deferred until FY 1970 as cash funds are not available. Three potential sources of acquisition are (1) the Duval DPA expansion project; (2) the "buy-back" provisions of certain sales contracts under the 200,000 ST Presidential release of March 21, 1966; and (3) cash purchases from the market. Since repurchase funds are not available to exercise "buy-back" rights scheduled over calendar years 1969 and 1970, the Government has exercised its options to defer the copper scheduled for "buy-back" in calendar year 1969 until 1972. Unless advised to the contrary, GSA should include the following "buy-back" quantities in the SCM budget each year, plus additional amounts to make up the objective as follows:--

FY 1970 - 66,500 ST
FY 1971 - 66,750 ST
FY 1972 - 66,750 ST

Corundum

Objective:	2,500 ST	No action is to be taken in FY 1969. Removal of corundum from stockpile list is under consideration as major users indicate an easy substitutability to other abrasives.
Inventory:	12	
Deficit	2,488	

Jewel bearings

Objective:	57,500,000 PC	Cash acquisition from Rolla is to continue in FY 1969 in restricted quantity.
Inventory:	40,002,827	
On Order:	2,371,073	
Deficit	15,126,100	

Manganese, silicon

Objective:	75,000 ST	On June 28, 1968, contract was awarded for the acquisition of 45,500 ST of silicomanganese to be delivered by June 15, 1970 by upgrading manganese ore.
Inventory:	0	
On Order:	45,500	
Deficit	29,500	Further procurement action deferred at present.

Platinum group - iridium

Objective:	17,000 TrOz	Acquisition of 3,100 troy ounces authorized through exchange of other materials.
Inventory:	13,937	
Deficit	3,063	

Platinum group - palladium

Objective:	1,300,000 TrOz	Acquisition of 200,000 troy ounces authorized through exchange of other excess materials.
Inventory:	1,043,706	
On Order:	7,688	
Deficit	248,606	

Quinidine

Objective:	2,000,000 OZ	Acquisition of deficit authorized through exchange of other excess materials.
Inventory:	1,600,438	
Deficit	399,562	

Quinine

Objective:	4,130,000 OZ	Acquisition of 582,000 ounces authorized through exchange of other excess materials.
Inventory:	3,548,161	
Deficit	581,839	

Rutile

Objective:	200,000 SDT	Acquisition of 20,000 SDT authorized over 2 year delivery period through exchange of other excess materials.
Inventory:	50,568	
On Order:	351	
Deficit	149,081	

Sapphire and Ruby

Objective:	18,000,000 KT	Deferred pending new supply-requirements study.
Inventory:	16,305,597	
Deficit	1,694,403	

Tantalum metal

Objective:	360,000 Lb Ta	Further upgrading deferred pending new supply-requirements study and review of specifications.
Inventory:	160,982	
On Order:	39,475	
Deficit	159,543	

Titanium sponge

Objective:	37,500 ST	Acquisition authorized from domestic and foreign sources through exchange of other excess materials.
Inventory:	20,500	
Deficit	17,000	

Tungsten carbide, crystalline

Objective:	1,100,000 Lb-W	Pending new supply-requirements study.
Inventory:	0	
Deficit	1,100,000	

Tungsten carbide powder

Objective:	2,000,000 Lb-W	Action deferred at present.
Inventory:	1,921,167	
Deficit	78,833	

Tungsten, ferro

Objective:	1,800,000 Lb-W	Upgrading of tungsten concentrates to 300,000 pounds "W" of ferrotungsten is authorized with payment-in-kind.
Inventory:	1,007,310	
Deficit	792,690	

Tungsten metal powder, hydrogen reduced

Objective:	1,600,000 Lb-W	Pending new supply-requirements study.
Inventory:	1,331,272	
Deficit	268,728	

gah/kjc

EXECUTIVE
ND 4-3
FG 11-6
CM/shellac
FG 240

(3)

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

OFFICE OF THE DIRECTOR

OCT 2 1968

Mr. John G. Harlan, Jr.
Commissioner
Property Management and Disposal
  Service
General Services Administration
Washington, D. C. 20405

Dear Mr. Harlan:

Reference is made to Disposal Authorization No. FY 62-8 of September 28, 1961, approving the release of approximately 10,655,418 pounds of excess shellac from the National Stockpile and our subsequent letter of April 29, 1964, requesting that further sales be withheld when the inventory reached a 10 million pound level. This latter action was taken as a hedge against possible growth in essential uses.

Recent supply-requirements studies indicate that there is no need to retain the level of the inventory above the stockpile objective and we, hereby, rescind our letter of April 29, 1964. It is our understanding from discussions with your staff that the uncommitted excess covered by the authorization totaled 3,355,268 pounds as of June 30, 1968.

Sincerely,

Price Daniel

Price Daniel
Director

cc: Honorable E. E. Goldstein
    Special Assistant to the President

gub/lyp

EXECUTIVE
ND 4-3
CM/Quinine
FG 11-6

(3)

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

OFFICE OF THE DIRECTOR

OCT 2 1968

Honorable Thomas D. Morris
Assistant Secretary of Defense
(Installations and Logistics)
Washington, D. C. 20301

Dear Mr. Morris:

Please refer to your letter of March 30, 1968, and my reply of April 9, 1968, regarding your correspondence with Senator Philip Hart as to the desirability of using stockpile quinine and military procurement to support a domestic processing capacity for quinidine.

At my request the Department of Commerce has reviewed this question and coordinated its findings with other agencies having a concern with the problem. Its findings are presented in the enclosed correspondence. This Office also concurs with the conclusions presented.

Sincerely,

Price Daniel

Price Daniel
Director

Enclosure

cc: Honorable Ernest E. Goldstein

EXECUTIVE
LE/ND4-3
ND4-3

Friday, September 13, 1968
10:15 a.m.

MEMORANDUM FOR THE PRESIDENT

From: Ernest Goldstein

INFORMATION

Mr. President:

Two stockpile bills remain pending with the unacceptable Williams' amendment -- magnesium and platinum.

H.R. 5785, the 55,000 ton magnesium bill is now under pressure because without its passage Dow will be forced to buy 9 million pounds from Japan.

Congressman Philbin is working with Republicans to convince Senator Williams to back off as he did for beryllium. The quid pro quo would be GSA's assurance that GSA would sell the magnesium by sealed bid -- the normal method for this commodity.

The magnesium situation is tough, but not tough enough to justify disposal by Executive Order.

Ernest Goldstein

bcc - Mike Manatos
Barefoot Sanders

EXECUTIVE
LE/ND 4-3
ND 4-3
CM/Magnesium
FG 11-6
FG 240

(5)

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

September 12, 1968

OFFICE OF THE DIRECTOR

MEMORANDUM FOR ERNEST GOLDSTEIN

Subject: H.R. 5785 - Magnesium Bill

I herewith hand you copy of telegram from Dr. A. P. Beutel, Vice President, Dow Chemical Company, stating that the company will be forced to purchase magnesium from Japan and other foreign sources if the above bill is not enacted at this session of the Congress. The sad thing is that a shortage exists today and the market is good, while there are plants under construction which will drastically reduce the shortage next year and thereby make our excess worth less money.

I had a nice visit with Congressman Philbin this morning and he is making some Republican contacts with Senator John Williams based upon GSA's assurance that it will voluntarily use the sealed bid method of disposal on magnesium without the Williams amendment, just as GSA has done previously.

If agreement has not been reached with Senator Williams by the end of the day, I will talk with him personally tomorrow.

Price

Price Daniel

Attachments

An extra copy of the telegram and this memorandum are attached in case you think the President might be interested in such details.

MEMORANDUM

/

EXECUTIVE
ND4-3
CO
FG11-8-1/Califano, Joe
FG11-5/MC
FG115

(4)

THE WHITE HOUSE

WASHINGTON

6:40 p.m., Monday
September 9, 1968

FOR THE PRESIDENT

FROM Joe Califano

You asked my judgment on the recommendation of the Special Committee on Stockpile Objectives that changes be made in criteria which would free \$1.3 billion of the stockpile for sale.

There are two issues with respect to the present criteria for stockpile objectives:

-- The length of time for which we should stockpile certain strategic materials.

-- The countries from whom we should assume we can get certain strategic materials in case of war or national emergency.

The stockpile committee decided to leave the length of time criteria as it is (3 years), rather than reduce it to two years. The committee does recommend an expansion of the countries from which we assume we can obtain material in time of war or national emergency. It is this recommendation that frees \$1.3 billion in stockpile materials for sale.

Presently the stockpile criteria assumes that we could get material only from Canada or Mexico. The recommended change would expand the countries to include friendly nations in South America (Chile, for example), in Europe, and in other parts of the world where sea and air lanes can be kept open and be protected in the midst of conflict. These recommendations were prepared by assistant secretary level appointees of all interested agencies (State, Budget, Defense, CEA, Interior, GSA, Commerce, NSC, Commerce) and by Price Daniel and Ernie Goldstein. The heads of the agencies also concur.

I agree with the recommendation of the stockpile committee as a matter of substance. (As a matter of fact, both Bob McNamara and I would have gone further and reduced the length of time for which certain materials are stockpiled from 3 years to 2 years.)

Today, we have a stockpile worth $6.4 billion, of which $3.2 billion is excess under the current criteria. Should you approve the committee's recommendations (and legally you are required to do so before they become effective), the total of excess material would rise to $4.5 billion. But the additional $1.3 billion in commodities could not be sold without Congressional approval (unless you exercise your section 5 "common defense" authority).

If you decide to move forward with this change in criteria, the stockpile committee (and Secretary Clifford) recommend that you have:

-- an initial NSC meeting with a briefing on these proposals,

-- a second NSC meeting with Senators Russell and Symington, Chairman Rivers and Congressman Philbin and the ranking minority committee and subcommittee members present (assuming the NSC approves the recommendations of the Committee).

My own inclination would be to check out the Congress before you hold a formal NSC meeting. (All NSC members are represented on the stockpile committee by their appropriate staff people and I am told they concur in the recommendation.)

While you have the legal authority to change the criteria without consulting Congress, you cannot sell the excess materials without legislative action. And the real trouble lies with Russell, Rivers, Symington, Philbin and the ranking minority members. Should you decide to move forward, my own recommendation would be to have Price Daniel and General Wheeler talk to the key congressmen, informing them that the stockpile committee, represented by all the interested agencies, has recommended a change in the stockpile criteria and outlining the reasoning of the committee.

Should the congressmen agree, then it is an easy decision for you (although it is possible that you would get some flak from the Republicans in an election year if the change in criteria becomes public knowledge, as it is likely to). If the Congressmen disagree, then you will have their views before you prior to any NSC meeting for the purpose of formally ratifying the committee report. The NSC will not impress Russell and Rivers; only the JCS are likely to accomplish that and General Wheeler can indicate that the JCS are on board.

Whichever procedure you follow, Clifford (who agrees with the recommended change in criteria) believes that psychologically and politically this is the wrong time to make any basic changes in the stockpile objectives in view of the Czech crisis and the general situation with the Soviets. I agree with Clifford that the matter should be put on ice for a time, but I think it is desirable to go forward and not lose all the work that has been done in getting the Government in agreement on the substance. Seeing the key congressmen privately might be a safe interim step.

Which way do you want to go?

> Have Wheeler and Daniel check out with Russell, Rivers and other key congressmen before any formal ratification by the NSC ________

> Have the initial NSC meeting, to be followed by an NSC meeting with Russell, Rivers and other key congressmen ________

> Put the decision off for a couple of weeks until the world situation settles ________

EXECUTIVE

LE/ND4-3

ND4-3

VIA POUCH

Monday, August 26, 1968
4:00 p.m.

MEMORANDUM FOR THE PRESIDENT

From: Ernest Goldstein

Mr. President:

Despite the holdup caused by Senator Williams and others with reference to the various stockpile bills, we are doing fairly well in sales this year. At this point we have commitments for $26 million in sales as compared with $18.7 million for the same period last year.

As for the future of the stockpile, I am deeply concerned lest the agreement that was laboriously put together since last October fall apart. I would like to move forward with the arrangement agreed to by Price Daniel and the representatives of the concerned agencies and departments as soon as possible. I fear that any fiddling with the arrangement will put us back in the same morass we were in when I took over the stockpile almost a year ago.

Ernest Goldstein