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SUMMARY OF MEETING - N.S.C. - October 31, 1968

Governor Daniel presented a brief summary of the procedures and criteria used to establish objectives for the National Stockpile.

The presentation included the following:

1. Stockpile objectives are the difference between estimates of requirements for an emergency period which are received from Defense, AEC, State, and Commerce, and estimates of supplies received from Commerce, Interior, and Agriculture.
2. The criteria used in making these estimates include:
 - a. Length of emergency (3 years) (supplied by J.C.S.).
 - b. Force strengths, dollar value of military procurement and construction (supplied by Department of Defense).
 - c. Estimated Gross National Product (supplied by OEP and Commerce).
 - d. Sources of supply in wartime (only from U.S. and contiguous countries including Caribbean area) -- President Johnson, February 24, 1964.
 - e. M-Day for stockpile planning purposes (supplied by Department of Defense and OEP).

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3. After data are assembled and reviewed, wartime supplies are discounted by OEP for losses in transit (J.C.S.) and dependability of foreign governments in wartime (State Department).

Domestic output is discounted if overly concentrated.

4. Final review of stockpile objectives is made by the Interdepartmental Materials Advisory Committee, which recommends approval or disapproval to Director of OEP. Director, OEP, establishes objectives.

Governor Daniel observed that Special Committee on Stockpile Objectives had recommended only/^{major}one change in the criteria. It recommended that the U.S. depend on all military accessible Free World countries for supplies in all three years of the emergency. Adoption of this change would require a revision of the President's policy issued February 24, 1964.

He stated that as of June 30, 1968, total inventories on all stockpiles amounted to \$7.0 billion, the value of stockpile objectives was \$4.2 billion, and the value of excess inventories was \$3.3 billion.

If OEP updated stockpile objectives under current rules, the value of objectives would increase to \$5.1 billion and the excess inventories would decrease to \$2.6 billion.

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Using the Special Committee's recommendation of three-year dependence on Free World sources would result in updated objectives valued at \$2.9 billion. The value of excess inventories would increase to \$4.0 billion.

Governor Daniel then observed that he and Mr. Goldstein recommend a more conservative approach. This would provide that no objective would be lower than the first year's emergency requirement, less available supplies from North America and contiguous areas. Free World sources of supplies would be included in the second and third emergency years. This approach could result in objectives valued at \$3.8 billion and excess inventories valued at \$3.4 billion. He said this would not put us in a "buy" position for anything but a small amount of copper and a few other items totaling approximately \$100 million, but that OEP could meet these additional requirements through authorized exchange of excess materials for needed materials.

After discussion, all members approved the recommendation of the Special Committee as modified by the recommendation of Governor Daniel and Mr. Goldstein.

Governor Daniel submitted the attached draft of a proposed memorandum for the President to sign in lieu of his memorandum of February 24, 1964.

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