

ment, instruments and laboratory equipment, missile support equipment, and similar items related to weapons systems.

USE OF CONTRACTOR INVENTORY

Over the past several years we have made special efforts to increase the utilization of excess inventory in the hands of contractors. Last year we reported that the quantity of contractor inventories transferred for further Federal use increased annually from 1962 by \$105.6 million to an annual level of \$140.4 million in 1965. In 1966 the quantity so transferred declined to property costing \$117.5 million due to the lower volume of property available for transfer. Contractor inventory costing \$74.7 million has been transferred in the first 8 months of fiscal year 1967. Defense contractors are the largest source of excess contractor inventory and a large portion of further Federal utilization achieved is represented by transfers to other defense activities including defense contractors.

\$429.2 MILLION DONATIONS TO SCHOOLS, ETC.

Surplus personal property costing \$429.2 million was donated by GSA for educational, public health, civil defense, and public airport purposes in fiscal year 1966, an increase of \$21.4 million over fiscal year 1965. During the first 8 months of fiscal year 1967, donations have fallen off sharply to \$192.8 million, reflecting the overall drop in the volume available coupled with the high rate of excess property reuse by Federal agencies. During the last 5 years, surplus personal property costing more than \$1.9 billion has been donated for public purposes, primarily for educational use.

SALES OF SURPLUS PROPERTY

Excess personal property which is not transferred for further Federal utilization or donated for public purposes, is sold as surplus. Usable property costing \$17 million was sold by GSA in 1960 and the volume increased to \$72 million in 1966, an all-time record. During the first 8 months of fiscal year 1967, property costing \$34.3 million has been sold. The return on surplus personal property sales by GSA during the past 7 years has averaged 15.3 percent of original acquisition cost.

DISPOSAL OF EXCESS STOCKPILES

With regard to the disposal of excess strategic and critical materials in the Government stockpiles, I am pleased to report continuing substantial headway. Out of the 48 million tons of such materials now in inventory, more than 20 million tons are excess to emergency requirements determined by the Office of Emergency Planning. These substantial excesses represent a Federal investment of more than \$3.3 billion and are costly to maintain. They also present a potential economic threat and market burden to producers and consumers who otherwise would be concerned only with the usual competitive forces of supply and demand.

In fiscal year 1966, our level of sales reached an unprecedented volume of \$1.028 billion, approximating the cumulative sales of excess