

materials from the beginning of the disposal program in 1958. Thus far this year sales are approaching the half billion dollar level. Disposal of these basic raw materials at the foregoing levels has been accomplished without adversely impacting normal commercial markets.

The unparalleled expansion of our economy and resulting demand growth for industrial raw materials is providing an unprecedented opportunity to dispose of stockpile excesses at a time when normal supply sources for many of the materials are not able to keep pace with the demand. Availability of the excess stockpile materials in quantities commensurate with industrial needs exceeding normal supplies has had the incidental, but highly beneficial effect of stabilizing prices which otherwise would fluctuate widely during these periods of rapidly changing supply and demand conditions.

In addition to the benefits accruing to the private sector of the general economy from these substantial disposals of stockpile excesses, the direct benefits accruing to the Government include substantial recovery of its investment in unneeded inventories, reduction of storage, interest, and other costs associated with inventory maintenance, and improvement of the Government's balance of payments position.

The out movement of large quantities of stockpile materials through the disposal program has made possible substantial savings in recurring storage costs. To date, we have been able to deactivate five GSA storage facilities at an annual cost reduction in excess of \$700,000, and to reduce our annual storage costs at military facilities by close to \$150,000. Annual costs of storage at commercial facilities which amounted to \$1.3 million in 1963 have been reduced to \$345,000 for the current fiscal year.

MANAGEMENT AND SCREENING OF REAL PROPERTIES

In my testimony during the 1966 hearings of your Subcommittee on Federal Procurement and Regulation, I reported that we had been working closely with the Bureau of the Budget to increase reports of excess of real property holdings by the holding agencies to General Services Administration and to accelerate the disposal of surplus real property. The subcommittee's report of May 1966 points up the continuing need to screen the Government's real property holdings to determine whether they are being put to the highest and best use.

BUDGET CIRCULAR A-2, APRIL 5, 1967

As you know, the Bureau of the Budget issued, under date of April 5, 1967, Revised Circular A-2 on utilization, retention, and acquisition of Federal real property. This was not revised since 1956. This circular stresses the importance of systematic and thorough reviews of real property holdings to identify unneeded and uneconomically used properties. It also requires agencies to notify GSA and the Bureau of Land Management, as appropriate, of additional real property requirements before proceeding with acquisition. These are new requirements.

Additionally, Revised Circular A-2 requires that agencies annually report to GSA and the Bureau of the Budget the results of its real