

agency fashion. Presumably, this action will have the effect of reducing DOD domestic excess availabilities.

4. Political Factors

The DOD increase in utilization of its own property cannot help but have an impact on future excess generations. Another impact on generations is caused by the ebb and flow of political opinion regarding the generation and use of excess property. At least one Senator, Senator Ernest Gruening (Democrat, Alaska), has exhibited a lively interest in excess property over the past two years, and it is entirely possible that his activities may alter the generation of excess property by DOD, and its use by AID. The threat to AID's utilization of excess property is embodied in Senator Gruening's Bill, S. 3385. He proposes therein to submit all Advance Acquisition inventories, foreign as well as domestic, to donation screening by the States before AID might utilize them. According to the Director, MR/GPR, the Bill has no serious prospect of passage.

Another effect of Senator Gruening's activities is felt through DOD generations. Specifically, the Senator has severely criticized DOD disposal practices, and has requested DOD to study the dissimilar departmental (Army, Navy, and Air Force) policies toward repair vs. disposal, with a view to establishing greater uniformity therein. The DOD denies that Senator Gruening has influenced its disposal policies and practices. Nevertheless, guidelines, as well as rules, operate in disposal practices, so discretion is involved; and the exercise of discretion appears to have been influenced. The off-the-record statement of a headquarters-level DOD representative was to the effect that, in situations where a year ago an inventory manager would have elected to excess certain items on the rationale of holding costs probably exceeding new procurement costs, he would now elect to retain them.

No categorical assertions can be made, but all things considered, it appears likely that the amount of DOD-declared excess will be reduced in the foreseeable future. Based on all of the foregoing inputs, the research team forecasts the following worldwide excess generations (exclusive of the eventual roll-up in Vietnam):

Forecasted worldwide excess generations

Fiscal year 1967-----	\$4,500m
Fiscal year 1968-----	4,200m
Fiscal year 1969-----	3,800m

C. Changes in AID excess property operations

A number of changes in AID excess property operations appear in prospect over the next two years or so. Among them are the following:

(i) *The Advance Inventory—Changes in Mix.*—The trend of Advance Acquisition shipments has been consistently and sharply upward over the past few years. Unless the mix between equipments and commodities changes, however, it would appear that the trend cannot continue upward for more than a year or two. Part of the reason for this potential "topping-out" relates to the fact that about 75 percent of all items held in the 608 inventory are equipment items and, therefore, require rehabilitation. Given the fact of a \$15 million ceiling on this inventory, the rehabilitation cycle itself establishes a ceiling on the turnover of these equipment items. This situation is further worsened by the fact that items rehabilitated for known needs are being included in the reported on-hand inventory. This inclusion quite naturally tends to limit the quantity of goods that can be acquired and stored in advance of genuine needs therefor.