

SUPPLY SYSTEMS INVENTORIES

As stated in table 1 above, the total of "supply systems" inventories from fiscal year 1955 through fiscal year 1966, was reduced from \$51 to \$38 billion, or \$13 billion. The stratification of such stocks, or breakdown into purpose for which they are held, reflects a distinct change during fiscal years 1964, 1965, and 1966. In prior years, the strata were peacetime operating stocks, mobilization reserve stock, economic and contingency retention stocks, and excess stock. These are shown in table 7 and are explained in footnotes 2 through 7.

Stratification of supply systems inventories as of June 30, 1964, and June 30, 1965, was in accordance with improved logistics guidance which called for application of assets first against requirements to support (1) approved forces; that is, Active and high-priority Reserve Forces of the 5-year force structure and financial program; and (2) general forces.

The guidance was again changed so that, as of June 30, 1966, assets are applied to approved forces, either as authorized for acquisition or for retention.

The data for these strata are not comparable with that in prior years, except in a very general way, and, therefore, have not been shown separately in the table (see footnotes) but are included in subtotal and total.

The criteria for the establishment of economic retention and contingency retention strata have not been drastically revised, although the exigencies of world situations may result in somewhat different levels being established under them. The excess strata now represents those stocks that are beyond limits of a particular service and for which screening for utilization by other elements of the Department of Defense is underway but for which final DOD disposal action has not been initiated. They are significantly less in value than those reported in prior years.