

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 and June 30, 1967, 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.

TABLE 2.—DOD SUPPLY SYSTEMS INVENTORIES BY INVENTORY STRATAS AS OF JUNE 30,¹ FISCAL YEARS 1958-67

[In millions of dollars]

Total and inventory strata	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Total.....	46,585	44,203	41,727	40,537	40,299	39,684	38,383	36,506	37,167	40,341
Unstratified.....	2,440	3,056	2,083	1,819	1,837	1,425	2,582	2,704	3,221	3,070
Total stratified.....	44,145	41,147	39,644	38,717	38,462	38,259	35,801	33,802	33,946	37,271
Peacetime operating ²	14,538	15,306	15,657	14,722	15,601	15,379	(3)	(3)	(3)	(3)
Mobilization reserve ³	12,134	11,530	10,893	11,030	10,725	10,921	(3)	(3)	(3)	(3)
Economic retention ⁴	5,593	4,703	6,618	6,343	5,454	5,912	3,596	3,629	4,180	3,760
Contingency retention ⁵	1,050	1,611	1,361	1,246	1,040	636	1,248	1,814	1,865	2,310
Excess stocks ⁷	10,418	7,146	5,115	5,377	5,643	5,411	5,528	3,466	3,250	3,158

¹ Total inventories in this table do not include value of Navy shipboard supplies included in table 3.

² Peacetime operating stock is that portion of the total quantity of an item on hand which is required to equip and train the planned peacetime forces and support the scheduled establishment through the normal appropriation and leadtime periods.

³ These strata are not available for 1964, 1965, 1966, and 1967 because of changes in logistics guidance. In 1965 their sum was \$24,893,000,000, divided into approved force stocks (\$23,665,000,000) and general force stocks (\$1,228,000,000). The guidance was again revised in 1966 when the sum of these 2 was \$24,651,000,000 allocated to approved forces as levels of acquisition (\$23,640,000,000) and retention (\$1,011,000,000). In 1967, the sum was \$28,043,000,000, allocated to approved forces as levels of acquisition (\$27,173,000,000) and retention (\$870,000,000).

⁴ Mobilization reserve materiel requirement: The quantity of an item required to be in the military supply system on M-day, in addition to quantities for peacetime needs, to support planned mobilization to expand the materiel pipeline, and to sustain in training, combat, or noncombat operations prescribed forces until production by industry equals consumption.

⁵ Economic retention stock is that portion of the quantity in long supply which it has been determined will be retained for future peacetime issue of consumption as being more economical than future replenishment by procurement.

⁶ Contingency retention stock is that portion of the quantity in long supply of an obsolete or nonstandard item for which no programed requirements exist and which normally would be considered as excess stock, but which has been determined will be retained for possible military or defense contingencies for United States or allied forces.

⁷ Excess stock as reported herein is stock which is indicated to be above the sum of footnotes 2, 3, 4, and 5 above and for which specific determination as being within the needs of the Department of Defense has not been made or disposal action initiated.

SCOPE OF PROCUREMENT ACTIVITIES

The net value of military procurement actions amounted to \$41.8 billion in fiscal year 1967, an increase of \$6.1 billion over fiscal year 1966.