

As of December 31, 1967, the General Services Administration has sold under our authorization approximately \$2.4 billion worth of materials from DPA inventories. As of the same date, there remained in DPA inventories for disposal approximately \$600 million worth of materials.

The priorities and allocations authorities of title I of the act are used to assure that defense orders take priority over all other orders so that materials and equipment are available at the time and place where they are needed to meet military and other essential production requirements. It is used to assure that essential production orders, including the research and development activities of the Department of Defense, the Atomic Energy Commission, and National Aeronautics and Space Administration are filled promptly.

These priorities and allocations authorities are administered with respect to industrial production and construction by the Business and Defense Services Administration (BDSA) of the Department of Commerce. This is accomplished by a body of regulations identified as the defense materials system. Under this system, all defense procurement is assigned delivery priorities which must be observed by defense contractors, their suppliers and subcontractors. In order to assure an adequate supply of basic materials for defense needs and to spread the defense impact among individual suppliers, set-asides are established for steel, copper, aluminum, three of the four "controlled materials" under the system. No set-asides are provided for the fourth controlled material, nickel alloys. Instead, set-asides have been in effect for primary nickel since August 1966, as a result of a shortage situation which developed as a result of a strike at the International Nickel Co. facilities in Canada and a continuing high demand for nickel for both defense and civilian uses.

These set-asides, which are based upon estimated future defense requirements, not only assure that defense requirements are met but also provide an equitable distribution of defense orders among the producers of these materials, thereby avoiding undue impact upon any individual company.

Specific uses of the act in 1967 and 1968 include:

1. Copper set-asides required by BDSA, with approval of OEP, to assure availability of sufficient copper for defense uses.
2. Authorization for the Defense Department to place priority contracts for all domestic production of the herbicide defoliant 2,4,5-T for use in Vietnam.
3. Assurance of accelerated delivery of heavy equipment needed to develop new copper mines in Michigan.
4. Expediting services or actions for BDSA for defense contractors numbered 8,185 in fiscal year 1967 and 2,255 during the first 7 months of fiscal year 1968.
5. Establishment of a general priorities movement list of defense items which must continue to move during the early days of the 1967 rail strike.

Details relating to each of the foregoing activities under the Defense Production Act are attached to my written statement, and I ask that this be inserted in the record at the close of my remarks.

Chairman PATMAN. It may be inserted at this point.