

such as aluminum could be allowed to accumulated so far beyond our defense needs, particularly in view of the unsettling economic effect of releasing these stockpiles?

Mr. DANIEL. Yes, I can give you some explanation of what I have learned since I have been in this office and then Mr. Lawrence here, who has been with the program for many years, can give you more information.

The stockpile program has been used for purposes other than the intended purpose in years gone by. Several years ago there were large purchases of zinc and lead because of the fact that the administration at that time thought that the economy of the country justified the extra stockpiling of these materials, and, therefore, we have a great excess of zinc and lead because more was purchased than actually was needed for the stockpile.

Also, the stockpile objectives change from time to time due to the fact that we find more of a certain strategic material is available to us domestically, or that we can depend on receiving it from an adjacent country and, therefore, our deficit is not so great and our objective is therefore lowered. These circumstances cause us from time to time to be able to have lower objectives than what we have already purchased and stockpiled in the past when things did not look so bright as far as the possibility of being able to obtain that particular strategic material.

Does that answer your question?

Mr. HALPERN. Yes, sir. I also wonder, Governor, if you would explain that aspect of the stockpiling procedure which is responsible for our falling so far short of some of our goals.

For instance, is it a reluctance to increase shortages in the market that has caused the short fall of our copper goals?

Mr. LAWRENCE. We at one time had more copper than was necessary to meet the objectives. The surplus was sold under authorization from Congress. The further releases by the President have caused the shortage in the copper inventory at the present time.

We certainly have not gone into any copper market at the present time because there is such a continuing shortage. We don't buy materials for the stockpile in periods of shortage, particularly if the purchases would have an inflationary effect on the price.

We will, of course, under the Duval contract, recoup about 109,000 tons of copper which will be placed in the stockpile against the objective.

Mr. HALPERN. Governor, can you tell us what, if any, preparations could be made under this act for the transition of our economy from a partial wartime economy to a peacetime economy?

This is in line with the question offered by Congressman Wolff. From a wartime economy to a peacetime economy, optimistically assuming a rapid end to the Vietnam war.

Mr. DANIEL. I believe what we prepare in answer to Congressman Wolff's question would probably answer yours, if we may handle it in that manner.

Actually, I have not looked at this act from the standpoint that you are asking about. I have looked at this act strictly as an act that would help us get the right materials in the right place at the right time for the national security and defense of our country.