

people than were required under the previous unintegrated arrangement. This will mean a savings in overhead costs alone of about \$55 million annually, and they will reduce the inventories formerly required, by some \$500 million; indeed, a creditable achievement in which all of the services have made a major contribution.

DSA could never have come into being had it not been for the predecessor single manager arrangement which the Navy, Army and Air Force so well conducted in the years preceding DSA's development. The last slide, please.

In summary, gentlemen, this chart tries to portray where we've been and where we hope to go in terms of improved management as measured in dollar respects. In 1963 the recorded savings which had been audited and validated are \$1.4 billion. We'd originally estimated a year prior that the savings would be \$750 million. We almost doubled the estimate. As a result of actions taken in '63 and 1962, the two-year period, the savings will ultimately reach on an annual basis about \$2.4 billion. This compared with an earlier estimate of \$1.9 billion.

Because we have been able to exceed the estimates set out in 1963 the Secretary increased the savings objective which he had originally set, to \$4 billion; the original goal had been \$3.4 billion. And he is committed to the President by 1967 - and each year thereafter - to achieve savings at the rate of \$4 billion per year through increases in efficiency and operation; not by force reductions.