

to make sure that we buy only what we need. Secondly, that we buy what we need, at the lowest sound price. And thirdly, that we take every feasible step to reduce the overhead and operating costs in this huge area. I'd like to take each of these themes and further subdivide them to indicate some of the actions that have been taken and the objectives that lie ahead. The next slide, please.

With respect to buying only what we need, we've set out four principal projects which every department has been engaged in for some time and for which there are very concrete objectives established. The first of these is to refine our requirements calculations. I'll come back to each of these and illustrate them.

The second is to make increased use of our excess and long-supply inventories. The third is to eliminate unnecessary qualitative features from our materiel. And the fourth is to reduce this 4 million item inventory that we have, to the extent that that is possible.

Now, taking each of these briefly, the next slide quickly illustrates some of the steps that have been taken with real dramatic results in refining requirements calculations. The Army, two years ago, began re-examining its pipeline assumptions under mobilization conditions. Originally, it had assumed, based on World War II and Korean experience, that the pipeline should be provided to provide an average of 120 days from the factory door to the troops in the field. By studying each of its principal items in relation to its own transport characteristics it was found possible to tailor the