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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SECRET XGDS

August 23, 1976

National Security Decision Memorandum 337

TO: The Secretary of State
The Secretary of Defense
The Director, Office of Management and Budget
The Administrator, General Services Administration

SUBJECT: Strategic and Critical Materials Stockpile

The President has reviewed the results of the NSSM 228 study on the Strategic and Critical Materials Stockpile, and has decided that the quantitative levels and materials composition of stockpile inventories shall be based upon the following criteria:

1. The stockpile should provide a hedge against military and civilian production shortfalls resulting from disruption of foreign supplies of certain strategic and critical materials during wartime. The stockpile should provide materials for a level of potential military conflict greater than that postulated by U.S. force structure planning, to provide protection against the possibility of larger or more protracted wars.
2. Significant austerity measures will be taken as necessary within the national economy to sustain defense production. Within these conditions of wartime austerity, the stockpile should provide for certain civilian economic requirements necessary to ensure timely mobilization and overall strength of the wartime economy.

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(Classified by Brent Scowcroft)

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3. Determination of specific materials requirements should:
 - a. Provide the materials necessary to support expanded U.S. military forces engaged in a major two-front war, or in a one-front war with redeployment of other forces to that front;
 - b. Provide the materials needed for those forces at mobilization levels, replacement levels, and resupply levels equivalent to the first three years of such a war;
 - c. Include provision for those aspects of the civilian economy central to the continued effectiveness of wartime industrial production and related non-military needs (Essential and General Civilian requirements); and
 - d. Assume that industrial and military mobilization commence one year prior to the beginning of hostilities.

Specific acquisitions and disposals to meet these requirements should:

1. Reflect Department of Defense determinations as to specific materials required for military force expansion and replenishment in wartime;
2. Be scheduled so as to accord priority generally to Defense requirements, then Essential and General Civilian requirements;
3. Be submitted annually through an Annual Materials Plan, to be formulated by an interagency group which will consider, as a minimum, materials goals, fiscal constraints, and market impact in structuring specific acquisition and disposal proposals; and
4. In all cases be implemented to the extent practicable without avoidable disruption of the market.

The Administrator, General Services Administration, shall adjust the stockpile inventory requirements to reflect the revised guidelines outlined here, and shall implement a Stockpile Planning Process which includes timely updating of data on materials requirements, supplies, costs, reliability of foreign supply, and other factors relevant to the Stockpile Planning Process. The Administrator shall also advise the President through the Assistant to the President for National Security Affairs on a semiannual basis as to changes in these data which affect significantly the implementation of U.S. Strategic Stockpile Policy.

William G. McGowan

Brent Scowcroft

cc: The Secretary of the Treasury
The Secretary of the Interior
The Secretary of Commerce
The Director of Central Intelligence
The Director, Council on International
Economic Policy