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GOVERNMENT

FULL COMMITTEE CONSIDERATION

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OF

H.R. 2154

TO REVISE THE STRATEGIC AND CRITICAL MATERIALS STOCK-
PILING ACT, TO REQUIRE THAT APPROPRIATIONS FOR AC-
QUISITION OF STRATEGIC AND CRITICAL MATERIALS BE
AUTHORIZED BY LAW, TO ESTABLISH A NATIONAL DEFENSE
STOCKPILE TRANSACTION FUND, AND FOR OTHER PURPOSES

AND

H.R. 595

TO AUTHORIZE THE ADMINISTRATOR OF GENERAL SERV-
ICES TO DISPOSE OF THIRTY-FIVE THOUSAND LONG TONS
OF TIN IN THE NATIONAL AND SUPPLEMENTAL STOCKPILES,
AND TO PROVIDE FOR THE DEPOSIT OF MONEYS RECEIVED
FROM THE SALE OF SUCH TIN

AND

RECOMMENDATION TO THE BUDGET COMMITTEE

FOR

THE FIRST CONCURRENT BUDGET RESOLUTION

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
FIRST SESSION



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NINTH-SIXTH CONGRESS, FIRST SESSION

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(II)

FULL COMMITTEE CONSIDERATION OF H.R. 2154, TO REVISE THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING ACT, TO REQUIRE THAT APPROPRIATIONS FOR ACQUISITION OF STRATEGIC AND CRITICAL MATERIALS BE AUTHORIZED BY LAW, TO ESTABLISH A NATIONAL DEFENSE STOCKPILE TRANSACTION FUND, AND FOR OTHER PURPOSES; H.R. 595, TO AUTHORIZE THE ADMINISTRATOR OF GENERAL SERVICES TO DISPOSE OF 35,000 LONG TONS OF TIN IN THE NATIONAL AND SUPPLEMENTAL STOCKPILES, AND TO PROVIDE FOR THE DEPOSIT OF MONEYS RECEIVED FROM THE SALE OF SUCH TIN

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., Thursday, March 8, 1979.

The committee met, pursuant to notice, at 10:08 a.m., in room 2118, Rayburn House Office Building, Hon. Melvin Price (chairman) presiding.

The CHAIRMAN. The committee will come to order.
Mr. Bennett.

**REPORT BY HON. CHARLES E. BENNETT, A REPRESENTATIVE FROM
FLORIDA, CHAIRMAN, SEAPOWERS AND STRATEGIC AND CRITICAL
MATERIALS SUBCOMMITTEE**

Mr. BENNETT. Each member has a statement before them, but I will read it.

Mr. Chairman, I bring up for consideration H.R. 2154, as amended by the subcommittee, a bill to revise the Strategic and Critical Materials Stock Piling Act. Each member has a committee print showing the amendments adopted by the subcommittee.

The subcommittee met on Wednesday, February 28 and reported the bill out with amendments by a vote of 8 to 0.

This bill evolved from H.R. 4895, a bill I introduced in the last Congress and which passed the House by a vote of 373 to 24. It would have required authorization of stockpile acquisitions, encouraged barter as a means of acquiring and disposing of stockpile materials, and would have established a special fund within the Treasury into which all moneys received from sales of excess materials would go and would be available, only when appropriated, for future acquisitions. These provisions are incorporated in the bill under consideration today.

The Senate Armed Services Committee held hearings on my bill [H.R. 4895] and amended it to include a complete revision of the existing act. Unfortunately, the full Senate took no final action on my bill or on the Senate version.

There is no question that the strategic and critical materials stockpile program is in need of substantial updating and revision. The act like the stockpile, is badly out of date and needs to be brought into conformance with current stockpile policy. There are references to agencies no longer in existence and provisions which need clarification and updating.

The current law has had no substantive changes since its enactment in 1946. No significant additions to the stockpile have been made since 1959; Congress has not authorized the release of excess materials since 1973. Stockpile policy has fluctuated sharply in recent years as successive administrations have changed the stockpile guidance frequently.

Now, I will very briefly outline the key elements which I think are essential additions to this revision of the 1946 act:

The bill provides for the first time congressional guidance as to how stockpile requirements are determined. The President shall make the determinations on the basis of the following principles: (a) The purpose of the stockpile is to serve the interest of national defense only and is not to be used for economic or budgetary purposes; (b) stockpiles are to be sized to meet a 3-year contingency; and (c) goals may not be revised unless the Committees on Armed Services are notified in writing 30 days before the effective date of the revision;

Materials from the three existing stockpiles (National Supplemental, and Defense Production Act Inventory) are combined into one stockpile, for simplicity of management, and are to be collectively known as the National Defense Stockpile;

Future acquisitions must be authorized by law;

Acquisitions are to be made in accordance with established Federal procurement practices;

Disposals are to be made by formal advertising or competitive negotiation procedures; and

Two key definitions, "Strategic and Critical Materials" and "National Emergency," are defined in this act.

Basically, this bill offers standards and guidelines for structuring and managing both the size and the operations of the stockpile. In summary, this bill strengthens the role of Congress in stockpile matters.

Mr. Chairman, this is a brief explanation of this bill. I move its approval, as amended.

The CHAIRMAN. As amended.

The question is on the motion.

Those in favor will vote aye.

Those opposed will vote no.

The ayes have it.

[H.R. 2154 is as follows:]

[H.R. 2154, 96th Congress, 1st sess.]

A BILL To revise the Strategic and Critical Materials Stock Piling Act, to require that appropriations for acquisition of strategic and critical materials be authorized by law, to establish a National Defense Stockpile Transaction Fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Strategic and Critical Materials Stock Piling Revision Act of 1979".

SEC. 2. (a) The Strategic and Critical Materials Stock Piling Act is amended by striking out the first section and sections 2 through 9 of such Act (50 U.S.C. 98-98h) and inserting in lieu thereof the following:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Strategic and Critical Materials Stock Piling Act'.

"FINDINGS AND PURPOSE

"SEC. 2. (a) The Congress finds that the natural resources of the United States in certain strategic and critical materials are deficient or insufficiently developed to supply the military, industrial, and essential civilian needs of the United States for national defense.

"(b) It is the purpose of this Act to provide for the acquisition and retention of stocks of certain strategic and critical materials and to encourage the conservation and development of sources of such materials within the United States and thereby to decrease and to preclude, when possible, a dangerous and costly dependence by the United States upon foreign sources for supplies of such materials in times of national emergency.

"MATERIALS TO BE ACQUIRED: PRESIDENTIAL AUTHORITY AND GUIDELINES

"SEC. 3. (a) The President shall determine from time to time (1) which materials are strategic and critical materials for the purposes of this Act, and (2) the quality and quantity of each such material to be acquired for the purposes of this Act and the form in which each such material shall be acquired and stored. Such materials when acquired, together with the other materials described in section 4 of this Act, shall constitute and be collectively known as the National Defense Stockpile (hereinafter in this Act referred to as the 'stockpile').

"(b) The President shall make the determinations required to be made under subsection (a) on the basis of the following principles:

"(1) The purpose of the stockpile is to serve the interest of national defense only and is not to be used for economic or budgetary purposes.

"(2) The quantities of the materials stockpiled should be sufficient to sustain the United States during a national emergency of up to three years in duration.

"(c) The quantity of any material to be stockpiled under this Act, as determined under subsection (a), may not be revised unless the Committees on Armed Services of the Senate and House of Representatives are notified in writing of the proposed revision and the reasons for such revision at least thirty days before the effective date of such revision.

"MATERIALS CONSTITUTING THE NATIONAL DEFENSE STOCKPILE

"SEC. 4. (a) The stockpile consists of the following materials:

"(1) Materials acquired under this Act and contained in the national stockpile on the day before the date of the enactment of the Strategic and Critical Materials Stock Piling Revision Act of 1979.

"(2) Materials acquired under this Act on or after the date of the enactment of the Strategic and Critical Materials Stock Piling Revision Act of 1979.

"(3) Materials in the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (as in effect from September 21, 1959, through December 31, 1966) on the day before the date of the enactment of the Strategic and Critical Materials Stock Piling Revision Act of 1979.

"(4) Materials acquired by the United States under the provisions of section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and transferred to the stockpile by the President pursuant to subsection (f) of such section.

"(5) Materials transferred to the United States under section 663 of the Foreign Assistance Act of 1961 (22 U.S.C. 2423) and allocated by the President under subsection (b) of such section to the General Services Administration for stockpiling in the stockpile.

"(6) Materials acquired by the Commodity Credit Corporation and transferred to the stockpile under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b (h)).

"(7) Materials acquired by the Commodity Credit Corporation under paragraph (2) of section 103(a) of the Act entitled 'An Act to provide for greater stability in agriculture; to augment the marketing and disposal of

agricultural products; and for other purposes', approved August 28, 1954 (7 U.S.C. 1743(a)), and transferred to the stockpile under the third sentence of such section.

"(8) Materials transferred to the stockpile by the President under paragraph (4) of section 103(a) of such Act of August 28, 1954.

"(9) Materials transferred to the stockpile under subsection (b).

"(b) Notwithstanding any other provision of law, any material that (1) is under the control of any department or agency of the United States, (2) is determined by the head of such department or agency to be excess to its needs and responsibilities, and (3) is required for the stockpile shall be transferred to the stockpile. Any such transfer shall be made without reimbursement to such department or agency, but all costs required to effect such transfer shall be paid or reimbursed from funds appropriated to carry out this Act.

"AUTHORITY FOR STOCKPILE OPERATIONS

"SEC. 5. (a) Except for acquisitions made under the authority of paragraph (3) or (4) of section 6(a), no funds may be obligated or appropriated for acquisition of any material under this Act unless funds for such acquisition have been authorized by law. Funds appropriated for such acquisition shall remain available for a period of five fiscal years, if so provided in appropriation Acts.

"(b) Except for disposals made under the authority of paragraph (4) or (5) of section 6(a) or under section 7(a), no disposal may be made from the stockpile unless such disposal, including the quantity of the material to be disposed of, has been specifically authorized by law.

"(c) There is authorized to be appropriated such sums as may be necessary to provide for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile. Funds appropriated for such purposes shall remain available to carry out the purposes for which appropriated for a period of two fiscal years, if so provided in appropriation Acts.

"STOCKPILE MANAGEMENT

"SEC. 6. (a) The President shall—

"(1) acquire the materials determined under section 3(a) to be strategic and critical materials;

"(2) provide for the proper storage, security, and maintenance of materials in the stockpile;

"(3) provide for the refining or processing of any material in the stockpile when necessary to convert such material into the form most suitable for storage and subsequent disposition;

"(4) provide for the rotation of any material in the stockpile when necessary to prevent deterioration of such material by replacement of such material with an equivalent quantity of substantially the same material;

"(5) subject to the notification required by subsection (d)(2), provide for the timely disposal of materials in the stockpile that (A) are excess to stockpile requirements, and (B) may cause a loss to the Government if allowed to deteriorate; and

"(6) dispose of materials in the stockpile the disposal of which is specifically authorized by law.

"(b) Except as provided in subsections (c) and (d), acquisition of strategic and critical materials under this Act shall be made in accordance with established Federal procurement practices, and, except as provided in subsections (c) and (d) and in section 7(a), disposal of materials from the stockpile shall be made by formal advertising or competitive negotiation procedures. To the maximum extent feasible—

"(1) competitive procedures shall be used in the acquisition and disposal of such materials;

"(2) efforts shall be made in the acquisition and disposal of such materials to avoid undue disruption of the usual markets of producers, processors, and consumers of such materials and to protect the United States against avoidable loss; and

"(3) disposal of such materials shall be made for domestic consumption.

"(c) (1) The President shall encourage the use of barter in the acquisition of strategic and critical materials for, and the disposal of materials from, the stockpile when acquisition or disposal by barter is authorized by law and is practical and in the best interest of the United States.

"(2) Materials in the stockpile, the disposition of which is authorized by law, shall be available for transfer at fair market value as payment for expenses (including transportation and other incidental expenses) of acquisition of materials, or of refining, processing, or rotating materials, under this Act.

"(3) To the extent otherwise authorized by law, property owned by the United States may be bartered for materials needed for the stockpile.

"(d) (1) The President may waive the applicability of any provision of the first sentence of subsection (b) to any acquisition of material for, or disposal of material from, the stockpile. Whenever the President waives any such provision with respect to any such acquisition or disposal, or whenever the President determines that the application of paragraph (1), (2), or (3) of such subsection to a particular acquisition or disposal is not feasible, the President shall notify the Committees on Armed Services of the Senate and House of Representatives in writing of the proposed acquisition or disposal at least thirty days before any obligation of the United States is incurred in connection with such acquisition or disposal and shall include in such notification the reasons for not complying with any provision of such subsection.

"(2) Materials in the stockpile may be disposed of under subsection (a) (5) only if the Committees on Armed Services of the Senate and House of Representatives are notified in writing of the proposed disposal at least thirty days before any obligation of the United States is incurred in connection with such disposal.

"(e) The President may acquire leasehold interests in property, for periods not in excess of twenty years, for storage, security, and maintenance of materials in the stockpile.

"SPECIAL DISPOSAL AUTHORITY OF THE PRESIDENT

"SEC. 7. (a) Materials in the stockpile may be released for use, sale, or other disposition—

"(1) on the order of the President, at any time the President determines the release of such materials is required for purposes of the national defense; and

"(2) in time of war declared by the Congress or during a national emergency, on the order of any officer or employee of the United States designated by the President to have authority to issue disposal orders under this subsection, if such officer or employee determines that the release of such materials is required for purposes of the national defense.

"(b) Any order issued under subsection (a) shall be promptly reported by the President, or by the officer or employee issuing such order, in writing, to the Committees on Armed Services of the Senate and House of Representatives.

"MATERIALS DEVELOPMENT AND RESEARCH

"SEC. 8. (a) (1) The President shall make scientific, technologic, and economic investigations concerning the development, mining, preparation, treatment, and utilization of ores and other mineral substances that (A) are found in the United States, or in its territories or possessions, (B) are essential to the national defense, industrial, and essential civilian needs of the United States, and (C) are found in known domestic sources in inadequate quantities or grades.

"(2) Such investigations shall be carried out in order to—

"(A) determine and develop new domestic sources of supply of such ores and mineral substances;

"(B) devise new methods for the treatment and utilization of lower grade reserves of such ores and mineral substances; and

"(C) develop substitutes for such essential ores and mineral products.

"(3) Investigations under paragraph (1) may be carried out on public lands and, with the consent of the owner, on privately owned lands for the purpose of exploring and determining the extent and quality of deposits of such minerals, the most suitable methods of mining and beneficiating such minerals, and the cost at which the minerals or metals may be produced.

"(b) The President shall make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 3(a) of this Act to be a strategic and critical material or substitutes therefor.

"NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

"SEC. 9. (a) There is established in the Treasury of the United States a separate fund to be known as the National Defense Stockpile Transaction Fund (hereinafter in this section referred to as the 'fund').

"(b) (1) All moneys received from the sale of materials in the stockpile under paragraphs (5) and (6) of section 6(a) shall be covered into the fund.

"(2) Moneys covered into the fund under paragraph (1) shall be available, when appropriated therefor, only for the acquisition of strategic and critical materials under section 6(a) (1) of this Act (and for transportation related to such acquisition).

"(3) If so provided in appropriation Acts, moneys in the fund, when appropriated, shall remain available without fiscal year limitation until expended.

"(c) All moneys received from the sale of materials being rotated under the provisions of section 6(a) (4) or disposed of under section 7(a) shall be covered into the fund and shall be available only for the acquisition of replacement materials.

"ADVISORY COMMITTEES

"SEC. 10. (a) The President may appoint advisory committees composed of individuals with expertise relating to materials in the stockpile or with expertise in stockpile management to advise the President with respect to the acquisition, transportation, processing, refining, storage, security, maintenance, rotation, and disposal of such materials under this Act.

"(b) Each member of an advisory committee established under subsection (a) while serving on the business of the advisory committee away from such member's home or regular place of business shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons intermittently employed in the Government service.

"REPORTS TO CONGRESS

"SEC. 11. The President shall submit to the Congress every six months a written report detailing operations under this Act. Each such report shall include—

"(1) information with respect to foreign and domestic purchases of materials during the preceding six-month period;

"(2) information with respect to the acquisition and disposal of materials under this Act by barter, as provided for in section 6(c) of this Act, during such period;

"(3) a statement and explanation of the financial status of the National Defense Stockpile Transaction Fund and the anticipated appropriations to be made from the fund during the next fiscal year; and

"(4) such other pertinent information on the administration of this Act as will enable the Congress to evaluate the effectiveness of the program provided for under this Act and to determine the need for additional legislation.

"DEFINITIONS

"SEC. 12. For the purposes of this Act:

"(1) The term 'strategic and critical materials' means materials that (A) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (B) are not found or produced in the United States in sufficient quantities to meet such need.

"(2) The term 'national emergency' means a general declaration of emergency with respect to the national defense made by the President or by the Congress."

(b) (1) Section 10 of such Act (50 U.S.C. 98h-1) is redesignated as section 13.

(2) Section 11 of such Act is repealed.

SEC. 3. (a) (1) Section 103(a) of the Act entitled "An Act to provide for greater stability in agriculture; to augment the marketing and disposal of agricultural products; and for other purposes", approved August 28, 1954 (7 U.S.C. 1743(a)) is amended—

(A) by striking out "the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U.S.C. 98-98h)" in paragraph (4) and inserting in lieu thereof "the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.)";

(B) by striking out "the national stockpile established pursuant to the Act of June 7, 1939, as amended" in the third sentence and inserting in lieu thereof "the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act"; and

(C) by striking out "funds appropriated pursuant to section 8 of such Act of June 7, 1939" in the third sentence and inserting in lieu thereof "funds appropriated for the purposes of that Act".

(2) Section 105 of such Act (7 U.S.C. 1745) is amended by striking out "the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U.S.C. 98-98h)" and inserting in lieu thereof "the National Defense Stockpile established by the Strategic and Critical Material Stock Piling Act (50 U.S.C. 98 et seq.)".

(b) Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended—

(1) by striking out "section 2 of the Strategic and Critical Materials Stock Piling Act (60 Stat. 596)" and inserting in lieu thereof "section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98a)"; and

(2) by striking out "the Munitions Board of the National Military Establishment" and inserting in lieu thereof "the President".

(c) Section 303(f) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(f)) is amended—

(1) by striking out "the national stockpile established pursuant to the Act of June 7, 1939, as amended," in the first sentence and inserting in lieu thereof "the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.)"; and

(2) by striking out "from funds available under such Act of June 7, 1939, as amended and inserting in lieu thereof "from funds appropriated for the purposes of such Act".

(d) Section 204(f) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(f)) is amended by striking out "the Munitions Board" and inserting in lieu thereof "the President".

Mr. BENNETT. Mr. Chairman, I ask unanimous consent for the staff to make technical corrections, as necessary, in H.R. 2154, as amended. The CHAIRMAN. Without objection.

Mr. Bennett, do you have another bill?

Mr. BENNETT. Yes, sir. The other bill is H.R. 595.

Mr. Chairman, I also bring up for consultation H.R. 595, a bill introduced by our colleague, Mr. Mollohan, which authorizes the disposal of 35,000 tons of tin in the national and supplemental stockpiles and to provide for the deposit of moneys received from the sale of such tin. This committee in the last Congress reported out a bill—H.R. 9486—which passed the House, containing a similar disposal provision. However, the Senate took no action on that bill.

The subcommittee met on Friday, March 2 and reported out the bill by a vote of 6 to 1.

The witnesses from the General Services Administration testified that we currently have in the inventory 200,480 tons of tin and the goal or requirement for national defense purposes for a 3-year period is 32,500 tons, leaving a total excess of 167,980 tons, after the passage of this bill.

Section 2 was included in this bill in the event H.R. 595 is enacted before H.R. 2154 or similar legislation which would provide for the establishment of a fund in the Treasury into which moneys from the sales of excess stockpile materials would go and be used to acquire materials determined to be needed for the stockpile in the future. If such legislation isn't enacted within 3 years after the enactment of H.R. 595, moneys received pursuant to the sales of tin under this bill would be returned to the Treasury as miscellaneous receipts.

Mr. Chairman, this briefly is an explanation of this bill. I move its approval.

[H.R. 595 is as follows:]

[H.R. 595, 95th Congress, 1st sess.]

A BILL To authorize the Administrator of General Services to dispose of thirty-five thousand long tons of tin in the national and supplemental stockpiles, and to provide for the deposit of moneys received from the sale of such tin

Be it enacted by the Senate and House of Representative of the United States of America in Congress assembled, That (a) the Administrator of General Services is authorized to dispose of, by negotiation or otherwise, approximately thirty-five thousand long tons of tin held, on the date of the enactment of this Act, in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98—98h-1) and the supplemental stockpile established under section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (as in effect from September 21, 1959, through December 31, 1966; 68 Stat. 456, as amended by the Act of September 21, 1959 (73 Stat. 606)).

(b) The disposition authorized by subsection (a) may be made without regard to the requirements of section 3 of the Strategic and Critical Materials Stock Piling Act, except that the time and method of such disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Sec. 2. (a) Any moneys received pursuant to the disposal of tin from the national stockpile or supplemental stockpile which are authorized by this Act shall be covered into a special account which shall be established in the Treasury of the United States.

(b) Moneys covered into such account shall be available only for deposit, in accordance with legislation enacted after the enactment of this Act, in a special fund in the Treasury established by such legislation as a depository for moneys derived from sales of excess materials under the Strategic and Critical Materials Stock Piling Act. If such legislation has not been acted within three years after the enactment of this Act, any moneys in the special account established pursuant to subsection (a) and any moneys hereafter received pursuant to sales of tin under this Act shall be covered into the Treasury as miscellaneous receipts.

The CHAIRMAN. Mr. Stratton.

Mr. STRATTON. Mr. Chairman, I don't want to be argumentative, and I don't want to prolong the action on this legislation, but I think I was the only member of the committee to vote against this bill.

I wanted to state briefly my reasons for doing so, because I think to some extent this bill is in contradiction to the one that we just passed. The one we just passed is a comprehensive bill which Mr. Bennett has worked on for a long time to try to bring some order into the management of the stockpile.

Under the previous administrations we were using the stockpile primarily to sell the materials that we had on hand so that we could balance the budget, or more nearly balance the budget. Mr. Bennett's bill, that we just passed is based on the idea that the only reason for revising the stockpile was to protect our national defense.

I think that is a major step forward. And in that bill are provided arrangements whereby the money from those products that we sell from the stockpile is used to buy other materials that are in even more urgent demand.

So it is a little ironic that having just past that major sweeping piece of reorganization legislation, a new foundation, if you will, for handling the stockpile, the first bill that we are asked to pass is one that disposes of a metal which we do not possess in this country. We are told there is no problem in getting rid of tin, because the geniuses

in the Defense Department have determined that we have all of the tin that we need for the next war that is going to come along.

That, I think, might go over with some committees, but I think we have recognized that the geniuses in the Pentagon don't always come up with the right answers, and they haven't been coming up with some right answers in the Middle East for some time.

Therefore, it seems to me to be unwise for us simply to dispose of a metal which we do not have in the United States, without indicating what particular more important metal we are going to buy with the money that we get from selling this particular metal.

The 16 strategic metals that are required to fight a war—every single one of them is in abundance in the Soviet Union; for 14 out of those 16, the United States has to import more than 50 percent of its needs. And this is one of the vulnerabilities we have in any war with the Soviet Union in the future. And because we have a little bit more tin than somebody over in the Pentagon seems to think we need, it seems to me ridiculous for us to be getting rid of it unless we know what we are going to get for it. Dollar bills aren't going to help us any because the dollar bills aren't going to be worth very much when we are trying to find titanium, and uranium, and plutonium, and a few other materials we don't have in adequate supply.

I feel it is a mistake for us to dispose of tin unless and until we are certain exactly what more important metal will be bought with the money that is saved thereby.

The CHAIRMAN. Mr. Bennett.

Mr. BENNETT. I would like to respond.

First of all, let's not have any confusion about the fact that this bill has any inconsistency with the bill we just passed because the bill provides, the one we are now talking about, on page 2, line 20 through line 5 on page 3, that the funds from this bill will be going into a fund which will do the very same thing which the bill we just passed before will do.

In other words, it is designed that this money will be made available for purchase of other commodities that are needed.

Second, as to any possible inconsistency or any impropriety in selling a commodity not knowing precisely what commodity you are going to buy in return, well, that is a way in which you could operate. I don't know exactly how we would manage that operation, but the way we are set up under the committee and set up in the executive branch is if you enact the law which we just passed through the House, or even if you don't, the procedure that is set up is there is a list of commodities which have various priorities and before we acquire any, the House has to act on it. And the Senate has to make it a law, in order to acquire those particular commodities. You would have been all right if the gentleman from New York had added an amendment that we acquire cobalt or something like that to this extent. But more flexibility is really needed in the purchase of the commodities than that.

He could have put that in an amendment. The bottom line of this matter is they are going to sell about \$7 of the \$12 billion commodity stockpile inventory at the present time. And they are going to acquire \$8 billion. So we are going to sell a billion or so less in dollars than we are going to acquire.

In other words, there will be a need for additional dollars to be appropriated. There is no surplus. We need this tin in order to acquire other commodities which have been asked for in a larger amount than this in the current budget.

In other words, there are requests in the current budget for acquisitions for the stockpile. So this is an orderly way in which to operate. Other orderly ways could have been thought of, but I don't know of a more orderly way than we are now proceeding, which amounts to saying the administration will send to us bills for the acquisition of the commodities and the disposal of commodities, and we will act on them. We will have a fund where we put the dollars, which are acquired from the sale, and we will use that money through the appropriations process.

It is not going to be available without appropriations. But through the appropriations process they will acquire from that fund the money to buy other commodities. It does seem to me to be the most thoughtful and the most scientific and the most careful way in which to operate. It would be a bad thing if somebody had wanted to add another commodity to the tin bill to acquire some other commodities, that would not have been out of order. We could have done it; nobody did it, but it could have been done.

That would be orderly provided we had hearings on it. But we didn't have hearings on it. We will have hearings on the acquisition matter when some bill comes before us for the acquiring of commodities which these funds will be used to acquire.

Mr. ICHORD. I would like to ask the gentleman a question. You stated we plan to sell \$7 billion and buy \$8 billion. We are exchanging the commodities and strategic items that we do have.

I would like to ask the gentleman how many strategic minerals are we going to buy back that we heretofore sold out of the stockpile? I know every year for the last 16 or 18 years we have been having bills where we have sold strategic minerals out of the stockpile.

Mr. BENNETT. Well, we haven't had that. That is not true. I already testified we didn't. I already testified here today it has been years since we have disposed of anything. It is true mistakes were made. They were mistakes made in good faith as far as the Congress is concerned. We certainly interrogated the witnesses at great length; and as a matter of fact, that is the reason we have not been disposing of materials lately, particularly in the Nixon administration. There came to be a strong suspicion that the national stockpiles were used to balance budgets and look good, rather than protect the national defense. We stopped disposing of any commodities.

Mr. ICHORD. What materials will we have to buy back?

Mr. MARSHALL. There are 53 commodities in the stockpile that are below goal levels, and there are 40 that are in excess to the goals. You would sell those that are excess.

Mr. BENNETT. How about listing some of the ones you must acquire. Do you have the list?

Mr. MARSHALL. No, sir. That is classified, Mr. Chairman.

The ones that will be required are classified because of the sensitivity and the impact it would have on the market if it were known we were going to purchase certain materials.

Mr. ICHORD. But there will be strategic minerals we will have to buy back because we sold them previously, isn't that correct?

Mr. MARSHALL. That is correct.

Mr. McDONALD. If the moneys gained from the sale are not used, say over a 3-year period, it will then revert to the General Fund?

Mr. BENNETT. In this particular bill. Not in the other bill.

Mr. McDONALD. In this particular bill?

Mr. BENNETT. In this particular bill, the tin bill, they will revert back to the Treasury after 3 years. I have no enthusiasm about passing this bill first. In the event it does pass first, and there is a really slight chance, because I will have something to do with this—then we would have 3 years to pass the other bill to catch up with it to get that money back.

Mr. McDONALD. In the acquisition of materials, is that handled by your subcommittee?

Mr. BENNETT. Under the bill we passed a moment ago it would.

Mr. McDONALD. It would have to go through appropriations?

Mr. BENNETT. It would.

Mr. McDONALD. The gentleman mentioned during the Nixon administration—I think in the administration before that, the Johnson administration, we were very active in dumping silver, a gigantic stockpile of silver, down to our present level. When you review the price of silver today—

Mr. BENNETT. Let's put that in perspective. Is there an excess of silver in the stockpile today?

Mr. MARSHALL. Yes, sir.

Mr. BENNETT. This is looking at the stockpile in a way the stockpile does not exist. This is not a stockpile to bolster the Treasury of the United States, or to make the country look good. It is a stockpile of silver that is needed for military purposes, not for economic purposes, not for sociological purposes, and not for any other kind of purpose except for national defense.

It is just for the purpose of national defense, and the national defense authorities felt we had an excess of silver at the present time.

Mr. McDONALD. Mr. Chairman, may I have some time?

Mr. BENNETT. I still have some time.

The CHAIRMAN. The Chair is going to recognize the sponsor of the bill, Mr. Mollohan.

Mr. MOLLOHAN. Mr. Chairman, I only wanted to add a few comments here. The gentleman from New York was talking about the quantities and the method by which we ascertained the amounts that were necessary to sustain the needs and the purpose of the stockpile itself. In response to a direct question, the witness representing the Federal Preparedness Agency, and that is the one that has the responsibility for maintaining this stockpile, I asked him directly if the Defense Department had made an estimate of what their needs would be and presented that estimate to them.

His answer was in the affirmative. And I asked him also if he had made any reductions—if any reductions at all had been made in the estimates made and presented by the Defense Department—and that response was in the negative.

No reductions were made whatsoever. I think it is interesting to note that we have been into this thing in this committee for the last

several years on this very particular subject, reduction in the amount of tin. We currently have something over 200,000 tons of tin. And on the basis of the Federal Preparedness Agency's estimate, that is over a 20-year supply of tin. And the value of the surplus is \$2¾ billion. That is the surplus of our needs to serve the purposes of the stockpile itself. And the value of that, of \$2¾ billion, is costing us \$76,000 a day in interest alone just to maintain the surplus that they declare is unnecessary and unneeded.

I am just amazed there would be any question about the reduction of 32,000 tons, because we still have remaining 171,000 tons that are still in the stockpile. And that is a 17-year supply, or 140,000 more than we estimate is being needed after we take the 35,000 out.

I am just amazed at the objection to it.

The CHAIRMAN. Mr. McDonald, do you have a question?

Mr. McDONALD. Thank you, Mr. Chairman.

I brought up the point of silver to the chairman of the subcommittee, and I did serve on the subcommittee for 4 years. And, of course, this year the rules were changed so that I could not serve on two authorization subcommittees. But, I am somewhat familiar with the process, and in the particular case of silver that we are discussing, just using that as an illustration, Mr. Chairman.

You state that we have so much in excess, but if you will go back over the history of this, you will find conflicting estimates coming out of DOD from lows of saying we need almost none, to highs far in excess of 500 million ounces.

Now we have reduced our basic level down from 2 billion ounces overall national supply to a strategic level of 139 million ounces. And during World War II we used far in excess I guess, of 700 million ounces.

The problem that the subcommittee is faced with is how do you determine that the estimates that you are getting out of those who are making the estimates, which are all over the place—how do you determine they are not being manipulated or sometimes molded to fit the particular policy of an administration in power at that time?

We certainly are seeing this with regard to CIA estimates in other areas. This is a recurring problem that we have before this committee. I think everybody is fully aware of it, of the difficulty of trying to verify the exactness of any estimates. If we are going to blindly take their presentations, we have to state in some of these cases that those estimates have changed radically from one year to the next.

I want to know what is the rush of this particular bill? Why can't we go ahead, Mr. Chairman, in passing the basic bill first that covers the need, covers the disposal and the use of the funds—let's pass the basic bill before we actually move to dispose of the stockpile. I would like to ask the chairman of the subcommittee, the distinguished gentleman from Florida, what is the rush of this particular bill? Why couldn't we hold this bill up until after the basic bill as passed?

Mr. BENNETT. First I will answer the first matter you addressed and then I will address the second one.

The first is how do you know they are doing right in the executive branch? They are not a bunch of crooks or dumb or incapable or otherwise not giving us the facts. That is what we had the hearing for, and we do look into that. We do raise the question of how incompetent

they have been in the past or how diverse has been their recommendations, and that is one of the reasons we have written into the law a 3-year supply. This 3 years was resisted vigorously by the Department, and vigorously by the White House. We finally wrote it into the law.

It is strange that something has now become almost like the Bible, we just arrived at by just enforcing our will, knowing that the executive branch would get it down to nothing. They got it down to 1 year, and they got down to a very small number of men in the Army and they got down to a lot of things which are very minimal. We required them to consider one full war, not just one and one-half mediocre wars or something like that that we are talking about.

We made the requirement on the basis of 3 years, which is an arbitrary statutory thing now. We did that in order to protect against the abuses you referred to. These abuses have occurred.

The only answer I have is that we try as best we can in the hearings, by berating them, running them down, prodding them, and making all the arguments we can about every commodity and making all the arguments about how you might not be able to get a substitute for this and the other where certain nations can't be relied on.

We make this kind of inquiry and then make the judgment in the committee whether they are sound or not. In this case the judgment was they were sound in approving the 32,500 to be removed that is in this particular statute. As to the other question, why is there a rush?

There is no particular rush. There is no particular rush about anything in Congress. If you waited 6 months for this, this bill probably won't pass at all. After all, the major bill that we just passed a moment ago passed 2 years ago. It went from the House to the Senate with an overwhelming vote, and everybody wanted to improve it. And so they improved it, but they never enacted it. It never became law.

So we are with this bill, it is not a big bill, but it is before Congress and it is the time to try to enact it, and there is no great urgency in time. We can let it slide and it will probably never become law. It is a good law. It does make money available to buy other more needed commodities, which is beneficial. But there is no rush about it. It already passed in the last House—it passed in this committee, didn't it, Mr. Mollohan, the last time?

We are not really rushing this. This is already a year or so old. There is no great rush. My committee is trying to get to the business before us so we don't get in a bind, which will keep any legislation from passing.

Mr. McDONALD. I appreciate the gentleman's answer, but I think his answer points out the very problem. You admitted the administration is unhappy with even 3 years. They would like to be able to turn it directly over to the general fund right now. They don't want the 3-year wait. Doesn't that sort of cast at least some doubt as to what their motives are if they want to move directly into the general fund, it might at least cause them under certain circumstances to have the defense or strategic needs in order to benefit the general fund?

Mr. BENNETT. I was a little glib when I said they don't want to do that now. I know the administration, now knowing they can't do anything about it, are happy with the principles the committee has laid down. They are not testifying to have 1 year to turn everything over to the Treasury. They are testifying for it. Whether this means they

are changed and "born again," or whether they are living with reality, I am not sure. They are not enthusiastically supporting the bill with its requirement.

The CHAIRMAN. Mr. Mollohan.

Mr. MOLLOHAN. This administration figures, the personnel or the head of the Department of Defense figures, who are there now, these figures have been consistent over the last 3 or 4 years in previous administrations.

The CHAIRMAN. The question is on the reporting of the bill.

Those in favor will vote "aye."

Those opposed will vote "no."

The ayes appear to have it. The ayes have it.

The bill will be reported.

REPORT OF HON. MELVIN PRICE, A REPRESENTATIVE FROM ILLINOIS, CHAIRMAN, COMMITTEE ON ARMED SERVICES, AND CHAIRMAN, PROCUREMENT AND MILITARY NUCLEAR SYSTEMS SUBCOMMITTEE

The CHAIRMAN. Next the committee takes up the consideration of the annual report to the Budget Committee on the overall budget, as required by the Congressional Budget and Impoundment Control Act. It is my belief that our report to the Budget Committee should confine itself to broad overall requirements which are the proper concern of the Budget Committee and avoid specific recommendations on individual weapons systems or related programs. I so informed the chairmen of the various subcommittees in a memorandum earlier this month and all of them are prepared to make a brief report this morning on behalf of their subcommittees.

It should be understood that our recommendations this morning are particularly uncertain because action has not yet been taken on the fiscal year 1979 supplemental, which has been revised just recently by the administration because of weapons developments related to Iran.

In addition, most of the subcommittees still have a great deal of work to do in their particular areas. So what we are agreeing on today is simply a preliminary target figure.

Let me assure the members that the recommendation we make today in no way precludes the members from offering specific amendments to individual programs at the time the authorization bill is acted upon.

I should now like to report on behalf of the Procurement and Military Nuclear Systems Subcommittee.

On behalf of the Subcommittee on Procurement and Military Nuclear Systems, I make the following recommendations for items within the purview of the subcommittee:

That the recommended total level of budget authority for procurement for the Defense Department be increased by \$1.4 billion. This is required in a vote on amendment that we had in the committee.

That the level of budget authority for nuclear weapons activities under the Department of Energy be set at \$3.02 billion, the amount recommended by the President.

In explanation of these recommendations to the Budget Committee, our subcommittee believes that the Armed Services Committee should make the following points:

The level of authorization requested for nuclear weapons activities under the Department of Energy appears to be approximately adequate for fiscal year 1980, although the nuclear weapons program does have some problems in deferred modernization of facilities which will probably require real growth in that budget in the coming years. As it completes its review, the subcommittee may recommend some additions and deletions, but the budget request is an appropriate target figure.

The level of budget authority requested for DOD procurement for areas in the jurisdiction of our subcommittee appears at this stage to be inadequate based on the subcommittee's review to date.

Factors which lead to this conclusion which should be cited to the Budget Committee include the following:

The projections for inflation on which the proposed real growth in the budget is based are unrealistic. Using the more realistic budget projections of the Congressional Budget Office, we found that for one service, the Navy, the real growth in the procurement account is only seven-tenths of 1 percent. In procurement subject to authorization there was a net decrease in real terms for the Navy of 4.7 percent compared to fiscal year 1979.

In the Marine Corps there is not only no real growth but there is a 20-percent reduction in real terms for procurement and a 29-percent reduction in real terms for operation and maintenance.

Our preliminary examination has shown that the level of procurement for Navy aircraft is so low that the number of aircraft to be procured for fiscal year 1980 is lower than the number of aircraft lost in the last calendar year. In some cases we have found the procurement rates are so low as to be very inefficient, and, in at least one case, we have found the budget request to be substantially below what was specifically directed by the Congress.

I have personally stated that I believe that finding a replacement for the land-based strategic missile is one of the top priorities for this Congress and, in particular, proceeding with a basing mode for the new missile is as important as proceeding with the missile itself. We still have not made a determination as to whether funds in the budget are sufficient for proceeding in an expeditious manner with the basing mode. Because of these problems and uncertainties, the subcommittee believes as a preliminary target figure an addition of \$1.4 billion is appropriate. I would emphasize that the subcommittee has not completed its study and that as we continue with a more detailed review we could hopefully find some offsetting reductions in various accounts. However, we believe the figure recommended is approximately correct as a preliminary target, recognizing that the subcommittee is not tied to the figure in proceeding on the authorization portion of the budget.

Mr. Wilson, do you have any comment to make on this?

Mr. BOB WILSON. Not at this time.

The CHAIRMAN. Does anyone have any questions?

If not, we will proceed.

Mr. FORD. If that is agreeable to the members, the next report is from Mr. Bennett from the Seapower Subcommittee.

**REPORT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE FROM
FLORIDA, CHAIRMAN, SEAPOWER AND STRATEGIC AND CRITICAL
MATERIALS SUBCOMMITTEE**

Mr. BENNETT. Mr. Chairman, the Seapower Subcommittee in its review of the fiscal year 1980 authorization request considered two major areas: The Navy's shipbuilding and conversion account and the weapons procurement, Navy, account. The Department of Defense request for these two accounts in fiscal year 1980 is approximately \$8.2 billion.

The subcommittee has yet to take up the specific of the fiscal year 1980 request, thus a decision as to a definitive level of funding is premature at this time. The subcommittee did consider the overall level of funding, however, and concurs with the request of approximately \$2 billion for weapons procurement, Navy.

The shipbuilding and conversion request of \$6.2 billion contains \$1.6 billion for a conventional carrier, designated a "CVV." The subcommittee is concerned as to the military adequacy of a small carrier, thus recommends to the full committee an increase of approximately \$0.5 billion, to be included in its report to the Budget Committee to accommodate a large deck, nuclear-powered carrier.

The subcommittee, in its review of the fiscal year 1980 shipbuilding and weapon request, may recommend other adjustments in programs where necessary to insure a healthy Navy in the future.

The CHAIRMAN. Mr. Ichord?

**REPORT OF HON. RICHARD H. ICHORD, A REPRESENTATIVE FROM
MISSOURI, CHAIRMAN, RESEARCH AND DEVELOPMENT SUB-
COMMITTEE**

Mr. ICHORD. Thank you, Mr. Chairman.

The Subcommittee on Research and Development, Mr. Chairman, has completed only a review of the strategic program portion of the fiscal year 1980 R.D.T. & E. program. I agree with your assessment, Mr. Chairman, that our strategic capability is perhaps one of the most critical issues confronting the 96th Congress. However, the planned expenditures for strategic programs amounts to approximately only 16 percent of the total R. & D. budget.

So, in making the recommendation I am about to make to you, I must emphasize that the subcommittee has only reviewed 80 percent of the budget. I want to further emphasize that the subcommittee's recommendation is merely a planning estimate.

Mr. Chairman, in making its recommendation to the full committee, I made a motion to the subcommittee that we recommend to you the amount requested by the administration in the budget; that is, \$13,536,100,000.

In subcommittee a motion was made to increase that figure some \$600 million, making the total recommendation \$14,166,600,000.

I wish to state, Mr. Chairman, that when I made the original recommendation of \$13,536,100,000, it was merely a political figure. It

was not the figure that I think is necessary to meet the R. & D. military needs of this country.

In my opinion, there is good and sufficient evidence to support the recommendation that we make of \$14,166,600,000. In their formal statement to the Congress in the fiscal year 1980 R.D.T. & E. procurement appropriations, the Honorable Percy A. Pierre, Assistant Secretary of the Army for Research, Development and Acquisition, and Lt. Gen. Donald Keith, Deputy Chief of Staff of the Army, stated, and I quote:

The past 15 years has seen an erosion of the qualitative advantage in ground forces equipment and weaponry to the point where the U.S. Army is now inferior in virtually every major category of items with which wars can reasonably be expected to be won.

The members will recall that this same judgment was expressed by the U.S. Army Commander in Chief, U.S. European Commander, Gen. Alexander Haig, in response to a question asked by Mr. Bailey during his appearance before the full committee this year.

The gentleman from Pennsylvania has been asking some very interesting questions that I think should be brought to the attention of all of the members of the full committee, and make us realize that it is our responsibility to bring this matter to the attention of the full House and also bring it to the attention of the American people.

Mr. Bailey's questioning of witnesses has revealed that in the field of chemical warfare there is no doubt about it, we are decidedly inferior.

In the field of tactical nuclear warfare, most of the witnesses have answered that we are inferior to the Soviet Union.

In the field of conventional warfare capability, no one in this room can question that we are inferior to the Soviet Union.

In the field of overall strategic warfare, we state we are roughly equivalent. After conducting hearings on the strategic overview, Mr. Chairman, I am about to come to the same conclusion as the gentleman from Georgia, Mr. McDonald, who states that the term "roughly equivalent" is rhetoric for the fact that we are determinately, decidedly inferior.

So, Mr. Chairman, I must agree with the amendment adopted by my subcommittee—and it was adopted unanimously—recommending to this committee \$14,166,600,000 for the fiscal year 1980. R.D.T. & E. Department of Defense budget request.

Mr. CHARLES WILSON. Mr. Chairman, could I ask a question, please?

The CHAIRMAN. Mr. Wilson.

Mr. CHARLES WILSON. Not about any particular budget report by a subcommittee chairman, but in the procedure that we are following as the reports are submitted without objection they are adopted and this will make up the budget estimate, or will it be a vote at some time on either individual subcommittees or on the full amount?

The CHAIRMAN. I think we will go to these later.

Mr. CHARLES WILSON. We are just receiving the reports now and there will be a vote later on?

The CHAIRMAN. Yes.

Mr. Nedzi. I am interested in the fact that the only increase in the

**REPORT OF HON. LUCIEN N. NEDZI, A REPRESENTATIVE FROM
MICHIGAN, CHAIRMAN, MILITARY INSTALLATIONS AND FACILI-
TIES SUBCOMMITTEE**

Mr. NEDZI. Thank you, Mr. Chairman.

Mr. Chairman and members of the full committee:

The Subcommittee on Military Installations and Facilities is recommending a fiscal year 1980 budget ceiling of \$3,947,916,000 for military construction. For civil defense, \$138 million is recommended.

In the case of military construction, the subcommittee determined that it would be appropriate to combine the fiscal year 1980 request of \$3,721,536,000 with the requested \$226,380,000 contained in the initial version of the fiscal year 1979 Supplemental military construction bill. In doing so, the subcommittee determined there was no urgent requirement at present to consider a supplemental bill because of the subsequent action taken by the Department of Defense in reducing the revised supplemental request to \$147,480,000. Even with combining the two bill totals, the proposed fiscal year 1980 budget ceiling for military construction is \$180,216,000 less than the fiscal year 1979 enacted authorization.

This ceiling will provide the committee with sufficient latitude to incorporate into the fiscal year 1980 military construction authorization bill those items contained in the fiscal year 1979 supplemental request that it deems appropriate and to make whatever adjustments to the fiscal year 1980 program that it determines necessary.

With regard to civil defense, the subcommittee voted 7 to 3 to add \$29.2 million to the authorization request of \$108.8 million to establish a recommended budget ceiling of \$138 million. While I personally do not believe the increase is justifiable given current budgetary conditions and the transitional status of the civil defense program—we still don't have a head of that new agency that has been authorized—a majority of the subcommittee present felt it was appropriate to have a higher ceiling in order to permit the startup of a long range civil defense program that will cost an estimated \$1.8 billion.

As my colleagues will note, civil defense is included as a component in the Treasury, Postal, and General Government Appropriation Act. The other items in that appropriation do not come under the authorizing jurisdiction of the subcommittee. Therefore, the subcommittee's recommendation for civil defense does not affect those items.

In summary, Mr. Chairman, the subcommittee's recommendations increase budget authority for military construction by \$226 million and budget authority for civil defense by \$29 million.

Mr. STRATTON. Will the gentleman yield for a question?

Mr. NEDZI. I yield.

Mr. STRATTON. Do I understand then that the gentleman's subcommittee is in effect recommending the exact figure for construction offered by the administration for fiscal year 1980 plus the supplemental?

Mr. NEDZI. That is correct.

Mr. STRATTON. The only increase is the increase of \$29 million for civil defense?

Mr. NEDZI. That is correct.

Mr. STRATTON. Thank you.

The CHAIRMAN. Mr. Dickinson, you are recognized.

Mr. DICKINSON. I support this as a member of the subcommittee, but I would also like to say on the amendment, the amendment to the R. & D. budget suggestion that was just reported by Mr. Ichord, it was my amendment that was adopted. I use the same figure that the administration projected last year, would be the R. & D. budget for this year, then scaled it down \$600 million, which we simply put back to where it was.

I think it is necessary, and of all the actions that we take here, procurement, military construction, whatever, I think the most vital area for us to be sure we don't fall behind on is in our research and development. This is not something you can start and stop easily. It is not like turning off and on a light. It takes long leadtime to build up the expertise, and to develop the know-how and the teams to do the things that must be done if we are to keep our technological edge, if in fact we have one.

I would certainly want to ask the support on both of these items. The CHAIRMAN. Mr. White.

REPORT OF HON. RICHARD C. WHITE, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. WHITE. Thank you, Mr. Chairman.

Mr. Chairman, the Military Personnel Subcommittee has made recommendations on the personnel-related matters involving improvements in the Selective Service System, assistance for the military medical care system, and an increase in funding for the Naval Reserve.

Our recommendations are as follows:

Military personnel..... \$28, 973, 000, 000

This amount reflects an increase to the pay account to continue the Naval Reserve strength at its current level.

Operation and maintenance..... \$40, 161, 000, 000

This figure reflects the subcommittee's decision to recommend a reduction in the Defense agencies portion of this account as a direct offset against the amount added earlier for the Naval Reserve. Our subcommittee hopes this action will catch someone's attention in the Department of Defense. Also evident in the subcommittee's recommendation is an increase in funding for medical support personnel and equipment which is badly needed.

HUD, Independent Agencies Appropriation Act, Selective Service System..... \$30, 000, 000

The subcommittee recommendation is an increase of \$20 million above the President's request to provide funds for consideration of a return to registration and classification. I consider it likely the subcommittee will be reporting legislation to this effect in the near future.

CONTINGENCIES FOR LATER SUBMISSION —EXECUTIVE INITIATIVES

Fiscal year Wage Board increases..... \$246, 000, 000

The subcommittee recommendation increases the President's request (of \$165 million) by \$81 million. The President's lower figure as-

sumes passage of legislation not in the jurisdiction of this committee which, it appears, is unlikely to be passed this year. The members of the subcommittee expressed varying views on the merits of the proposal, but agreed that the history of the legislation suggests the Department of Defense will need the additional \$81 million in fiscal year 1980.

Dual compensation----- 0

The subcommittee recommends against passage of this legislation that is outside the jurisdiction of this committee, which would reduce spending by \$30 million but would also affect retention in the Reserve components by reducing the pay of some members.

Administrative duty pay----- 0

The subcommittee also recommends against passage of this legislation—that is within the committee's jurisdiction—which would reduce the pay of unit commanders in the Reserves.

COMMITTEE INITIATIVES

Military Personnel Subcommittee----- \$100,000,000

The amount contained in this recommendation will permit action by the subcommittee later this year on a variety of legislative proposals involving CHAMPUS, a partial draft for the Individual Ready Reserve, and other legislation in the health care and other areas in the subcommittee's jurisdiction.

These recommendations are the subcommittee's best estimates at this time. Further hearings may result in other changes.

Mr. Chairman, this completes the report of the Military Personnel Subcommittee.

Mr. STRATON. Will the gentleman yield for a question?

Mr. WHITE. I will yield for a question.

Mr. STRATON. What is the various add-ons of these various recommendations?

Mr. WHITE. What is the total that you have there?

Mr. WINCUP. \$255 million.

Mr. WHITE. \$255 million, thank you.

The CHAIRMAN. Are there any other questions?

If not, Mr. Nichols?

REPORT OF HON. BILL NICHOLS, A REPRESENTATIVE FROM ALABAMA, CHAIRMAN, MILITARY COMPENSATION SUBCOMMITTEE

Mr. NICHOLS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, there are a number of legislative contingencies that are included in the Department of Defense budget request that will merit the consideration of the committee later this year. These are listed on the second page of the committee markup sheet. The committee has seen several of these before.

To provide the maximum flexibility to the committee to evaluate these Defense proposals to be submitted later, the Military Compensation Subcommittee recommends that the amount of the President's request be accepted as the committee recommendation to the Budget Committee with one exception.

The President is proposing elimination of an officer uniform maintenance allowance that presently affords Reserve officers a \$50 payment every 4 years as reimbursement for uniforms and equipment. The legislative proposal has not yet been submitted to the Congress, and we do not believe that funds should be deleted from the budget request until we have had an opportunity to review the full impact of a change. Therefore, we recommend that the \$1.4 million be restored.

In addition, the subcommittee requests that the report to the Budget Committee include sufficient funds to meet committee initiatives. A total of \$125 million would permit modifications to the compensation programs required to attract and retain health professionals—in coordination with the initiatives proposed by the Military Personnel Subcommittee—improvements to the survivor benefit plan for military retirees, and action on other unforeseen contingencies requiring committee action in the area of military compensation.

Mr. Chairman, that concludes my report.

The CHAIRMAN. Thank you very much.

Mr. STRATTON. If the gentleman would yield for the same question.

Does that mean that the gentleman's committee is recommending a \$126.4 million increase?

Mr. NICHOLS. That is correct, Mr. Chairman.

The CHAIRMAN. That completes the consideration of the various subcommittee reports.

We have a chart in front of you on the defense budget. Does the staff have any comment to make on that?

Mr. FORD. Yes; Mr. Chairman.

The CHAIRMAN. Just very briefly.

Mr. FORD. There are some minor items in here, Mr. Chairman, that do not change, as they are authorized partly in other committees. But we have to comment on the whole budget total. We did want to bring one thing to your attention, Mr. Chairman. The total additional increase you have got as a result of these various recommendations is \$3,165 million.

The staff would like to recommend an area where you could recommend reduction.

Mr. STRATTON. It is \$2 billion—

Mr. FORD. We will add it again. I had \$3,165 million.

There are two areas where we think you can anticipate reductions. One is in the area of the lapsing of unobligated balances. I don't mean unexpended balances just unobligated balances. We did track in the staff over the last couple of years an average of about \$900 million authority that had lapsed before it could be used. The time they can use budget authority ranges from 2 years to 5 years, depending upon the category. We think you could safely assume \$600 million lapse there, which would be a net reduction from the total budget requirement.

In other words, they could roll that authority forward instead of getting new budget authority. In addition, you will find historically though it requires some absorption of the pay raises that are required. We recommend you calculate a \$200 million saving there by pay raise absorption. It is something that is going to happen.

The Appropriations Committee budgets for that absorption every year, and you might as well calculate that in the budget the same way Mr. White suggests you calculate that wage board reform not passing and calculate that increased amount in there. That would be a total reduction of \$800 million, which would give you a net addition of \$2.385 million.

The net over the President's budget is \$2.385 million which would give you a recommendation of the total budget of \$140.6 billion and the President's recommendation is \$138.2 billion.

Mr. Chairman, do you want to take a vote on that recommendation?

The CHAIRMAN. Explain the figure again to be sure everybody knows what they are voting on.

Mr. FORD. If you look at the bottom of the second page the total figure in the President's budget is \$138,243 million. Your recommendation is \$140,628 million. This is a net increase of \$2.4 billion.

The CHAIRMAN. The vote is on this.

Those in favor will vote aye and those opposed no.

I think we ought to have a rollcall vote on that.

The clerk will call the roll.

[Rollcall vote taken.]

Mr. FORD. Mr. Chairman, in this vote there are 29 ayes and 5 nays.

The CHAIRMAN. The motion is agreed to.

Mr. FORD. Mr. Chairman, could staff make a little technical correction in those numbers? Those numbers are all right within \$100 million. We are trying to keep up with you very fast here.

Mr. STRATTON. Mr. Chairman.

The CHAIRMAN. Mr. Stratton.

Mr. STRATTON. Could I make a 1 minute announcement?

The New York Times this morning reported that Secretary Resor has resigned as the Under Secretary for Policy and according to the story he resigned because nobody gave him anything to do. The things that were unimportant ended up with his subordinates Mr. McGifford, Admiral Callahan, and others. The things that were really hot went directly to Secretary Brown.

Now the committee may remember that when Secretary Brown took over as Secretary at the beginning of this administration he said there was one piece of legislation that was absolutely vital for the reorganization of the Defense Department, to get it working properly, and that was to eliminate some of the assistant secretaries and to create two under secretaries. So this committee and our subcommittee to which the legislation was referred all were in a cooperative spirit with the Pentagon, immediately settled down, held detailed hearings on this legislation, and passed it, and created these positions of two under secretaries.

Now we find out that the Under Secretary of Policy, nobody knows what he is supposed to do and nobody gives him anything to do. And therefore, it is my intention to hold hearings to this matter in the light of the Secretary's resignation to find out whether we really need this job or not.

Mr. FORD. Mr. Chairman, could I mention one other thing. You might want to include in the report to the Budget Committee a statement of the committee's support for the accrual accounting method for budgeting for military retired pay. The committee has supported this concept in the past.

Mr. Nichols did not mention it in his report. If there are no objections we would include that in the report.

The CHAIRMAN. Without objection, it will be included in the report. [Whereupon, the committee adjourned at 11:10 a.m.]













