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WASHINGTON, D.C. 20548

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Expected at 10:00 a.m.
Wednesday, July 2, 1980

STATEMENT OF
DOUGLAS L. MC CULLOUGH
DEPUTY DIRECTOR, ENERGY & MINERALS DIVISION
BEFORE THE
SUBCOMMITTEE ON SCIENCE, TECHNOLOGY AND SPACE
SENATE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION
ON
IMPLEMENTATION OF A NATIONAL MATERIALS R&D POLICY

SE 206205

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss legislation currently under consideration by your Subcommittee, "The Materials Policy, Research, and Development Act of 1979," and certain amendments that have been suggested to that measure by your Subcommittee Staff. With me today are Mr. John Hadd, the Senior Group Director of our Materials Branch, Mr. Robert Kline of his staff and Ms. Phyllis Scheinberg who is a Presidential Management Intern working in my office.

As you know, the subject of materials policy has been of deep personal interest to the Comptroller General. His concern for these issues led him to establish a Materials Branch within the Energy and Minerals Division of GAO in 1976. He has personally testified and spoken numerous times on the importance of materials, and the need to establish a viable policy process to meet the challenges which these issues will present to this country in the near future. On his behalf, we commend the Subcommittee for its willingness to take the initiative on this important national issue.



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Just six years ago, this country encountered the most severe materials shortages since the Korean War. Prices of some materials doubled, tripled, even quadrupled during that 1973-74 shortage period. In a highly integrated economy such as ours, the effects of such price run-ups, supply bottlenecks, and disruptions in production schedules can be ruinous, and there is no compelling evidence that the underlying causes of the 1973-74 shortages have been removed. In many respects, those shortages were "solved" by the ensuing recession in 1975, and continuing economic sluggishness since that time.

Given the prospective situation with many key industrial materials, there should be little doubt as to the need for the type of legislation that is presently before this Subcommittee. With mid-decade shortages forecast for copper and aluminum, the tremendous problems besetting our domestic steel industry, the problems with cobalt during the past two years and the recent unrest in South Africa, both of which bespeak the fragile nature of our mineral dependency in that area of the world, the recent shortages of two such dissimilar materials as titanium and cement, and the almost unremitting escalation of domestic lumber prices--these are but a few examples which bear witness to the persistence and the reality of the materials problems facing this Nation.

In our opinion, the inaction of the Executive Branch in response to these problems provides a further basis for this legislation. In response to pressure from 44 Members of Congress, the Administration agreed to undertake what has since come to be known as the "President's Non-Fuel Minerals Policy Review" in late 1977. We monitored that review for the House Committee on Interior and Insular Affairs. The review took

two years. In fairness some good work went into that study, but you would never know it from looking at the final "report." It has taken the Administration nearly a year to decide that there were 5 areas worthy of "additional study." The current Administration simply appears philosophically opposed to positive actions with regard to materials policy.

As illustrated by the difference in the two measures under study by your Subcommittee, there have traditionally been a variety of perspectives on how to approach materials policy. If history provides any guidance in this area, it is that 30 years of effort have proven it difficult to draft an all-encompassing bill or define a meaningful, all-encompassing singular policy. This particular type of legislation surfaces a practical legislative problem in that environmental and health law, tax policy, antitrust, stock-piling and military needs, management of mineral-bearing lands--each of which constitute important elements of any attempt to structure an overall materials policy--are all under the jurisdiction of many congressional committees.

I might mention at this point that this underlying difficulty has prompted us to try and address the issue from a different angle. Because materials-related problems vary so much--between the industries that produce and process them, between the materials commodities themselves, and even between different periods of time--we have stressed the need for establishment of a materials policy planning process for identifying and dealing with materials problems of national consequence, rather than a focus on any one policy per se.

To this end, we have a contract with the National Materials Advisory Board of the National Academy of Sciences to examine the current materials policy process in the United States. As part of its study, the NMAB

will also address the various types of materials policy goals and alternative processes for addressing those goals. We hope this work will provide additional insights that will be useful in recommending improvements in the way materials problems are identified and raised for policy resolution within our Government. We will be happy to share the results of this study with the Subcommittee when they become available later this fall.

H.R. 2743, as passed by the House, approached materials policy from the standpoint of materials R&D. That bill, as its sponsor noted, was clearly thought of as a "first step," and it was envisioned that more legislation in this area would follow. One of the bill's provisions that we find most attractive is the directive (section 105(a)) that "materials" specifically be addressed in the five-year science outlook required by the "National Science and Technology Policy, Organization, and Priorities Act of 1976" (P.L. 94-282). This outlook report and related functions, required by sections 205(a)(2), 206, and 209 of that Act, were transferred by Reorganization Plan No. 1 of 1977 to the National Science Foundation. We believe that this feature of the House-passed bill should be retained and suggest that the Subcommittee draft language which makes it clear that NSF is to specifically address "materials" pursuant to these functions.

Another feature of the House-passed bill that we feel should be retained is the central role which must be played by the Office of Science and Technology Policy in coordinating the widely-dispersed materials R&D conducted by the Federal Government. OSTP, in our view, is the only existing entity that is capable of effectively discharging this function. Although we have found little evidence to suggest that it has done so in the past, on May 6, 1980, citing the "important and increasingly critical role materials play in society," the Director, OSTP, reinstated the Committee on Materials under the jurisdiction of the Federal Coordinating Council for Science, Engineering,

and Technology. The Committee on Materials (COMAT) will be given this coordination responsibility for materials R&D. We will be monitoring the Committee's activities to assess its capability for performing these functions effectively.

Finally, we also believe that the references in the House-passed bill to the "Mining and Minerals Policy Act of 1970" (sections 101(a)(5), 102(5), and 106) are appropriate and should be retained. It is quite obvious to us at this point that our domestic minerals industry continues to experience serious problems. Consequently, we believe there is a need for a reemphasis--to the executive branch--of the importance of the congressional intent behind the objectives specified in the Mining and Minerals Policy Act of 1970.

Mr. Chairman, as we understand it, the basic effect of the changes made by the Senate Staff working draft is to expand the scope of this legislation beyond the House-passed bill's emphasis on materials R&D. Irrespective of whether the scope is expanded, we believe the starting point in the development of a materials policy process should be at the point where national material and R&D needs are identified. This function is inherent in the preparation of the five-year science outlook, which currently is envisioned to be NSF's responsibility. In both the House bill and the staff working draft, the President would be submitting to the Congress a program plan and recommendations to fulfill the objectives of the act. As we read the Senate staff working draft, the primary basis for this submission would be a case by case study by the Department of Commerce for certain specified material needs. In our view, the case by case approach will address individual problems, but will not necessarily result in the development of a broad-based, systematic material policy process which can be used to address the Nation's future materials problems. Therefore, legislation in this area should emphasize

a linkage between the President's submission and the development of the five-year science outlook.

Let me conclude my remarks by commending the Subcommittee for working toward speedy passage of legislation to address the Nation's prospective materials problems. Legislation in this area is urgently needed; we must make an effort to get on top of our materials problems before they present us with a genuine crisis.

Mr. Chairman, this concludes my remarks.

NOTICE OF HEARING

COMMITTEE : Subcommittee on Science, Technology and Space
Senate Committee on Commerce, Science and Transportation

SUBJECT : H.R. 2743 (The Materials Policy, Research and Development Act of 1980)

TIME AND DATE : 9:30 a.m. - Wednesday, July 2, 1980

ROOM : 235 Russell Senate Office Building

MEMBERSHIP : Senator Adlai E. Stevenson (D. Ill.),
Chairman

Majority : Senators Ford (Ky.), Long (La.),
Hollings (S.C.), Riegle (Mich.) and
Heflin (Ala.)


Minority : Senators Schmitt (N.Mex.), Goldwater
(Ariz.), and Bassebaum (Kansas)

PRINCIPAL STAFF : Wally Kirkpatrick, Professional Staff Member

GAO WITNESS : Douglas McCullough, Deputy Director,
Energy and Minerals Division

ACCOMPANIED BY : Robert Kline, Management Analyst, EMD
Phyllis Scheinberg, Management Analyst, EMD

CAR WILL LEAVE G ST., 1ST BASEMENT AT 9:10 a.m.
(Car reserved in Mr. McCullough's name)


T. Vincent Griffith
Legislative Attorney
Office of Congressional
Relations