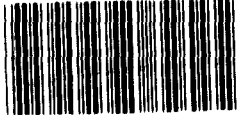


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STATEMENT OF
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RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE SUBCOMMITTEE ON TRANSPORTATION, AVIATION
AND MATERIALS
HOUSE COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. Chairman and Members of the Subcommittee:

We appreciate this opportunity to comment on issues concerning the "National Materials Policy, Research and Development Act of 1980," Public Law 96-479. Section 5 of the act required the President to submit a program plan and report to the Congress by October 21, 1981. According to the act, this plan was to include programmatic and budgetary proposals and organizational structures providing for materials and minerals policy analysis and decision determination within the Executive Office of the President and interagency coordination at the Cabinet level. Other sections of the act also assign certain major coordination responsibilities to the Executive Office.

Consistent with your invitation, my remarks will concentrate on whether the coordination and policymaking promised in the President's April 5, 1982, program plan are being effectively implemented. Our work to date, undertaken at the request of Committee Chairman Fuqua, indicates that the organizational approach taken by the administration to implement the 1980 act may not provide for effective coordination and decision determination. Moreover, we believe that the President's program plan does not adequately address the act's policy to promote an

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adequate and stable supply of materials. These issues will be addressed further in our report to the committee chairman to be issued after obtaining and incorporating appropriate agency comments.

COORDINATION AND
DECISION DETERMINATION

The President, in his materials and minerals program plan, formally assigned responsibility for coordinating national materials policy to the Cabinet Council on Natural Resources and the Environment--one of the five interagency Cabinet Councils established by the President in February 1981. The plan states that the Cabinet Council will ensure high-level consideration of important materials policy issues on a timely basis, with the capability of prompt action on such issues by the President. The plan does not mention what role, if any, the Executive Office of the President will play.

The Cabinet Council may not be able to effectively implement the act's interagency coordination requirements since it lacks both representative membership and a procedure for bringing the materials-related issues and problems of nonmember departments, agencies, and private industry to the Council's attention. Further, the Council has not been effective at implementing policy decision determinations.

First, the Council lacks representative membership. For example, it does not include the Secretaries of the Departments of Defense and Commerce, both having significant materials responsibilities and related research and development programs.

Furthermore, subcabinet agencies are excluded. Some of these agencies, such as the Federal Emergency Management Agency and the Environmental Protection Agency, have major materials responsibilities and programs.

The President's program plan was developed by the Strategic Materials Task Force, an interagency working group comprised of officials from 15 executive branch departments and agencies. After the plan was approved, the task force was unofficially disbanded. Therefore, there is now no procedure for bringing the materials-related issues and problems of nonmember departments, agencies, and private industry to the Council's attention.

Finally, although the time frame for implementing the act has been limited, early indications are that the Council has not been effective in providing active, continuous leadership and direction. For example, the plan reestablished the Committee on Materials, COMAT, comprised of assistant secretary-level representatives from federal departments and agencies concerned with minerals and materials and chaired by the Office of Science and Technology Policy's Assistant Director for Natural Resources. The plan tasks COMAT with coordinating Federal minerals and materials research and development activities and the Council with providing policy resolution of materials research and development questions.

In a report scheduled to be released shortly, COMAT will provide an inventory of Federal minerals and materials research and development. This inventory coupled with administration

policy is to be used to recommend redirection, where appropriate, of Federal minerals and materials research and development programs. In the interim, however, the Department of Energy has proposed a major new initiative in materials sciences included in the President's fiscal year 1984 budget. The overall goal of this research initiative is to improve linkages among academic, national laboratory, and industry sciences for the future advancement of high technology industries--a responsibility the President's program plan delegated to COMAT.

According to COMAT's Executive Secretary, COMAT was not involved in determining the need for the new initiative and has not yet formulated a position on whether such a gap currently exists. The Council has not addressed, much less resolved, this question and the Energy initiative is not being developed within the context of an overall national minerals and materials research and development program.

We believe that this and other examples we have identified show that the Council lacks the authority to effectively direct and coordinate materials programs. Moreover, although we believe that the Cabinet Council may assist the full Cabinet or Executive Office in interagency coordination, we do not believe that it can effectively assume the decision determination responsibility explicitly assigned in the act to the Executive Office of the President.

POLICY ANALYSIS

Our work to date also indicates that while the President's program plan, approved by the Cabinet Council, represents a first

step towards developing the legislative, budgetary, and programmatic proposals required by the act, it does not adequately address the act's policy " * * * to promote an adequate and stable supply of materials necessary to maintain national security, economic well-being and industrial production * * *." This is due primarily to three deficiencies in the program plan.

--First, the plan emphasizes "minerals" as opposed to "materials" problems and corresponding solutions such as land availability and minerals data. Other components of materials' systems, such as processing capacity and consumption which require Federal attention and possible intervention, are not adequately addressed.

--Second, the plan's primary focus on the national security aspects of dependency tends to obscure or ignore other issues which while not directly defense-related, affect the act's other long-term goals of economic well-being and industrial production. For example, the plan does not address related problem areas cited in the act such as the need for energy conservation in materials production, impacts on supply from foreign competition, lack of technically trained personnel, and possible need for adjustments in tax policies.

--Third, even though the plan focuses on national security, it does not develop an approach to measure the magnitude or degree of U.S. vulnerability to supply disruptions or sharp price increases in given nonfuel mineral and material markets to determine what the proper Federal role should be.

These limitations may remain unresolved since the act does not require continuing analysis and updates of the program plan. Also, there appears to be a difference in perception between the Congress as reflected in the act and legislative history and the administration as reflected in the program plan concerning the approach to providing effective minerals and materials coordination and policy decision determination. The act also requires that the Office of Science and Technology Policy (OSTP) prepare annual assessments of national materials needs related to scientific and technological changes over the next 5 years. To date the annual assessments have been given a low priority by OSTP and have not been prepared.

In summary, we believe that four issues require further attention if the goals of the 1980 act are to be realized.

--First, there is the need to assure full coordination and consistent departmental implementation of all basic materials policy decisions.

--Second, although the President's program plan represents a first step, there appears to be deficiencies in the program plan which preclude it from adequately addressing the thrust of the act's policy.

--Third, the Office of Science and Technology Policy has not prepared the annual assessments of national materials needs related to scientific and technological changes over the next 5 years as required by the act.

--Finally, the 1980 act does not require that the program plan be periodically updated and resubmitted to the Congress.

Mr. Chairman, that concludes my statement. I welcome any questions the subcommittee may have.