	UNCLASSIFIED		CONFIDENTIAL		SECRET

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	S/MC				
4	DDS&T				
5	DDI				
6	DDM&S				
7	DDO				
8	D/DCI/IC				
9	D/DCI/NIO				
10	OGC				
11	OLC	✓			
12	IG				
13	Compt				
14	D/Pers				
15	D/S				
16	DTR				
17	Asst/DCI				
18	AO/DCI				
19					
20					
21					
22					
	SUSPENSE		Date		

Remarks:

As coordinated DCI response with DDI & NIO.

STATINTL

3637 (3-74)

CRC, 11/5/2003

United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
WASHINGTON, D.C. 20510

DLe 74-2286

October 24, 1974

Mr. William E. Colby, Director
Central Intelligence Agency
Washington, D.C.
20505

Dear Mr. Colby:

Re: S. 4140

Attached is a copy of a bill which has been referred to this committee for consideration.

It will be helpful if you will give the committee the benefit of your views regarding the provisions of this bill, and your recommendations as to committee action.

Please transmit your reply in quadruplicate.

Thanking you for your cooperation, I am

Sincerely yours,

Sam J. Ervin, Jr.

Sam J. Ervin, Jr.
Chairman

Enclosure

eligibility for as much as a $2000 low-interest loan.

(d) *Administrative difficulties and inequities.*—The proposed restriction would also result in numerous difficulties and inequities in administration by the V.A. For example, joint degree or combined degree programs have become increasingly popular. (These are programs in which the student enrolls for more than the traditional four years of college study and at the end of which receives both a B.A. and an advanced degree.) Such programs have been created in engineering, law, medicine, business administration and other fields, and section 1652(b) of title 38 was specifically amended in 1970 by Public Law 91-219 to authorize such programs under the term "program of education". Any baccalaureate restriction on the nine-month extension of benefits would give veterans enrolled in joint degree programs undue advantage since they generally receive both their bachelor's degree and their advanced degree at the end of the extended course of study, not after the traditional four years, and thus, presumably could utilize the additional nine months' entitlement under the proposed amendment.

I also understand that the Committee General Counsel has been advised by the V.A. of additional serious administrative difficulties in implementing such a restrictive provision.

For the above reasons, I respectfully request your reconsideration of this question and that you give your strongest support to sustaining the Senate nine-month provision intact in the Conference report.

Sincerely,

ALAN CRANSTON.

EXHIBIT 3

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., October 2, 1974.

Hon. ALAN CRANSTON,
Member,
Committee on Veterans' Affairs,
Washington, D.C.

DEAR SENATOR CRANSTON: The membership of the Veterans of Foreign Wars was literally shocked to learn that the previous Veterans Education Bill, agreed to by the House and Senate conferees, was rejected by the House, which resulted in the failure of the Congress to pass a Veterans Education Bill before the fall school term began this September.

If time was of the essence last August, it is that much more urgent today that the Congress act to approve a bill to improve and liberalize veterans education and readjustment assistance for the millions of veterans who served during the Vietnam war.

On September 26, the Senate Veterans Committee agreed to a compromise bill which provided: (1) a 20 per cent increase in VA education rates retroactive to August 1, 1974; (2) extending entitlement from 36 to 45 months, with certain restrictions; and (3) authorizing a $600 a year VA education loan program for veterans attending high-cost schools.

The imposition of restrictions on the use of the extended nine months entitlement proposed by the Senate Veterans' Committee on September 26 is novel and alien to the concept of GI Bill assistance. The nine months' extention is extremely important to hundreds of thousands of veterans who realize in today's world a graduate degree is imperative for making a success in civilian life. To restrict the nine months' entitlement to certain veterans would be unwise, unjustified, and do grievous, possible lifetime injury to hundreds of thousands of veterans who would be otherwise entitled to such assistance at a crucial stage in their lives.

The Veterans of Foreign Wars is mindful of the President's request to trim the Veterans Education Bill along the lines of the substitute bill passed by the House last August. The Veterans of Foreign Wars believes that the version agreed to by the Senate Veterans' Committee on September 26 represents a reasonable compromise in response to the President's request.

It is the recommendation, therefore, of the Veterans of Foreign Wars that the Conference Committee work for a finally-agreed Veterans Education Bill which will include not less than a 20 per cent increase in the rates, and extending maximum entitlement, with no restriction, from 36 to 45 months, effective no later than September 1, 1974.

The Veterans of Foreign Wars is confident that the President will not reject such a compromise bill which will do justice to the Vietnam veteran and carry out a longstanding V.F.W. legislative goal of comparable GI Bill assistance to the Vietnam veteran as was provided the veteran of World War II.

Your support and vote in favor of this V.F.W. recommendation will be deeply appreciated by the more than 1.8 million members of the Veterans of Foreign Wars.

With kind personal regards, I am

Sincerely,

JOHN J. STANG,
Commander-in-Chief.

DDI
NIO Econ
DDO/INF

By Mr. HUMPHREY:

S. 4140. A bill to establish a Task Force on Petrodollars, and for other purposes. Referred to the Committee on Government Operations.

THE PETRODOLLAR REPORTING ACT OF 1974

Mr. HUMPHREY. Mr. President, on October 4, 1974, in a letter to President Ford, I expressed my great alarm with the massive and unprecedented flow of capital that is taking place between the United States, Western Europe, and Japan, and the oil exporting nations which are members of the Organization of Petroleum Exporting Countries—OPEC. It is estimated by reliable sources that between $80 billion and $100 billion in revenue will be transferred to OPEC nations this year from oil importing nations. The United States alone will be shipping in excess of $100 billion to these nations during the next 5 years. To look at this amount in other terms, it is comparable to the United States sending to the OPEC nations each year, twice the amount of gold now held in Fort Knox.

The implications of these massive flows for our Nation and the world economy are many and serious. Of particular importance, in my opinion, is the destabilizing effect on the international monetary system and on our domestic banking system of these massive capital transfers. The administration must promptly take firm action to develop a comprehensive energy policy, including specific directions which our international oil policy should take. Before that effort can be made, however, it is vital that we have complete information on the dimensions of the problem, including the massive flow of oil revenues to the OPEC nations.

Press reports have emphasized that these oil revenues—commonly referred to as "petrodollars"—are being reinvested largely in the United States. But these reports also emphasize that a large portion of these "petrodollars" cannot be traced. The Treasury Department admits, for example, that up to 40 percent of some $28 billion in "petrodollars," now in circulation, cannot be found. These funds are invested somewhere, and we need to know the nature and amounts of such investments.

If we are to develop the policies that are needed to deal effectively with the implications of the "petrodollar" flows, we must know where these flows are going.

For this reason, I have introduced the Petrodollar Reporting Act of 1974. It establishes a special organization under the Secretary of the Treasury to track "petrodollars" as they are invested and transferred around the world. Specifically, the Task Force will:

Collect and analyze specific and detailed data on the short-run and long-run use, transfer, and investment of petrodollars;

Examine the implications of the flow of revenue received by OPEC nations as it affects the United States and the world and consider appropriate action to deal effectively with such implications;

Report to the President and the Congress, not less than 4 times in each fiscal year, on the findings of the Task Force together with such recommendations, including recommendations for additional legislation, as the Task Force determines necessary and appropriate.

The Task Force is given authority to hold public hearings and to issue subpenas.

Mr. President, I ask unanimous consent that my letter to President Ford be printed in the RECORD, along with the text of the Petrodollar Reporting Act of 1974.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 4140

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. (a) There is established in the Department of the Treasury in the Office of the Secretary a Task Force on Petrodollars (hereinafter in this Act referred to as the "Task Force").

(b) The Task Force shall be composed of—

(1) the Secretary of the Treasury, who shall be Chairman;

(2) the Secretary of State;

(3) the Secretary of Defense;

(4) the Secretary of Commerce;

(5) the Director of the Central Intelligence Agency;

(6) the Director of the Defense Intelligence Agency;

(7) the Chairman of the Council of Economic Advisors;

(8) the Chairman of the Federal Reserve System; and

(9) such other officers of the Federal Government as may be designated by the President or the Chairman.

(c) The Task Force shall meet at the call of the Chairman. Task Force members shall attend such meetings whenever possible. When unable to attend, a Task Force member shall appoint an appropriate alternate from his department or agency to represent him for that meeting.

SEC. 2. The Task Force shall—

(1) collect and analyze specific and detailed data on the short run and the long run use, transfer, and investment of foreign exchange earnings by oil exporting nations, particularly nations comprising the Organization of Petroleum Exporting Countries,

(2) examine the implications of the flow

principle of "equal benefits for equal service," which has for so long been a touchstone of the GI bill. Those veterans who were able to finish college with 36 months of entitlement and those who left service with some or all their college training completed would get no added benefit for their equal service contribution. Whereas other veterans needing extra time to finish college could obtain a monetary benefit of up to $2,430—9 months by $270—plus eligibility for a $600 low-interest loan.

ADMINISTRATIVE DIFFICULTIES AND INEQUITIES

A baccalaureate restriction would also result in numerous difficulties and inequities in administration by the VA. For example, joint degree or combined degree programs have become increasingly popular. These are programs in which the student enrolls for more than the traditional 4 years of college study and at the end of which receives both a B.A. and an advanced degree. Such programs have been created in engineering, law, medicine, business administration and other fields, and section 1652(b) of title 38 was specifically amended in 1970 by Public Law 91–219 to authorize such programs under the term "program of education." A baccalaureate restriction on the 9-month extension of benefits will give veterans enrolled in joint degree programs undue advantage since they generally receive both their bachelor's degree and their advanced degree at the end of the extended course of study, not after the traditional 4 years, and thus, presumably could utilize the additional 9 months' entitlement under the proposed amendment.

Mr. President, I also understand that the Senate Veterans' Affairs Committee's general counsel was advised by the Veterans' Administration that such a baccalaureate restriction would pose additional serious administrative difficulties in terms of implementation.

BROAD SUPPORT FOR UNRESTRICTED EXTENSION

Mr. President, in my opinion, there is no question about the need to enact a measure which would extend the period of eligibility with no restriction. In addition to the thousands of letters, calls, and telegrams my office has been receiving over the past several months—the great majority of which specifically have been in support of the original version of the 9-month extension provision—my offices, both here in Washington and in California, have been swamped with phone calls, protesting the provision, since the restriction was adopted in conference.

The Veterans of Foreign Wars, in an October 2, 1974, letter to me urged the elimination of the "unwise, unjustified" restriction on the additional 9-months entitlement. The National Association of Concerned Veterans has also stressed its strong disapproval of any limitation on additional months of entitlement.

CONCLUSION

Mr. President, in closing, I would like to stress, once again, the dual purpose of the 9-month entitlement provision. In addition to providing a means of insuring that all veterans may obtain at least an undergraduate degree, it clearly was meant to enhance the ability of many veterans to be economically and educationally competitive with their nonveteran peers. Limiting these additional months of entitlement to undergraduate courses will prevent many veterans from having the opportunity to compete for the increasing number of jobs which require advanced courses of education.

Mr. President, I ask unanimous consent that the full text of the bill and my October 2, 1974, letter to Chairman HARTKE, and the VFW's October 2, 1974, letter to me, be set forth at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1, 2, and 3.)

Mr. CRANSTON. Finally, Mr. President, I want to stress that my view of the inequities that will be created by the limited 9-month extension in the conference report on H.R. 12628 which both Houses passed yesterday, in no way means I believe that bill is not deserving of speedy enactment. As I said yesterday to my colleagues, that bill on the whole is a good one and I continue to urge President Ford to sign it into law immediately.

EXHIBIT 1

S. 4139

A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1661 of title 38, United States Code, is amended by striking out in the second sentence all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance).".

(b) Subsection (c) of such section is amended to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months."

SEC. 2. Subsection (a) of section 1711 of title 38, United States Code, is amended by striking out "thirty-six" and inserting in lieu thereof "45".

EXHIBIT 2

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., October 2, 1974.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that at the Executive Session of the Veterans' Affairs Committee last Thursday, September 26, there was a discussion of an amendment which would restrict the availability of the additional nine months of G.I. Bill entitlement contained both in the Conference report on H.R. 12628 and in the original Senate amendment to that bill. As I understand it, the proposed amendment would permit the additional nine months of entitlement to be used only by G.I. Bill trainees who had not yet obtained their baccalaureate degrees.

Unfortunately, I was managing a bill of vital importance to California on the Senate floor at the time of this Executive Session and could not be present. I know that you called to the attention of the Committee my strong interest in the nine-months extension provision, which I had authored during consideration of S. 2784 in June. I believe that a restriction on the nine-months additional entitlement would be unwise and inequitable. I am writing to bring to the attention of you and our fellow Committee members my reasons for reaching this conclusion.

1. *Dual Purpose of New Nine Months Entitlement:* As stated in our Committee Report (No. 93–907, page 61), the nine-month provision had two principal purposes: ". . . to insure that veterans—taking reduced credit loans, forced to work, and facing technical and administrative bottlenecks—will be able to complete their undergraduate degrees . . ." and to meet "the increasing periods of higher education" demanded by "the educational requirements imposed by employers, state licensing agencies, and professional certification boards . . ." The proposed restriction clearly removes the second purpose regarding the need for advanced degrees in order for veterans to be competitive in a job market which more and more requires a master's degree rather than just a bachelor's degree. This trend is set forth in a recent report of the Carnegie Commission on Higher Education.

2. *Inequities and Administrative Problems:* The proposed restriction, if enacted into law, would create gross inequities and administrative difficulties in the overall educational assistance program. Specifically, I have the following concerns:

(a) *Unprecedented policy decision.*—Never in the history of G.I. Bill readjustment assistance programs, beginning with the World War II G.I. Bill, and including both the Korean-Conflict G.I. Bill and the present program, has there ever been any stipulation as to the level of training—undergraduate or graduate—for which G.I. Bill educational assistance must be used. Nor am I aware that there has ever been such an underlying policy. Such a baccalaureate restriction on any additional period of entitlement would serve only to further widen the gap between the educational benefits available to veterans after World War II and the benefits currently available to Vietnam-era and post-Korean-Conflict veterans.

(b) *Discriminates against veterans with least prior education.*—Such a baccalaureate restriction would also be highly discriminatory as applied in the case of veterans leaving service without any college-level training. Data on post-Korean-Conflict G.I. Bill trainees through April of 1974 reveal that 21 percent have had one or more years of college. No restriction is placed, nor is any proposed, on these veterans using their G.I. Bill entitlement for study toward advanced degrees beyond a bachelor's degree. No such restriction has ever been statutorily or administratively imposed under the G.I. Bill. Numerous veterans—including a number of distinguished members of Congress—have been supported by the G.I. Bill through medical or law school. Yet, under the proposed restriction, the 79 percent of G.I. Bill trainees leaving service *without* any college-level training—those who obviously need the greatest education and training assistance to compete effectively in this tight. selective job market—would be denied this same advantage.

(c) *Unequal benefits for equal service.*—In the same way, the proposed restriction would violate the principle of "equal benefits for equal service", which has for so long been a touchstone of the G.I. Bill. Those veterans who *were* able to finish college with 36 months of entitlement and those who left service with some or all their college training completed would get no added benefit for their equal service contribution. Whereas other veterans needing extra time to finish college could obtain a monetary benefit of up to $2430 (9 mos. x $270) plus (possibly)

of revenue received from abroad by oil exporting nations from the sale of oil produced by such nations who are members of the Organization of Petroleum Exporting Countries, as the flow of such revenue affects the United States and the world and consider appropriate action to deal effectively with such implications;

(3) report to the President and the Congress not less than 4 times in each fiscal year on the findings of the Task Force together with such recommendations, including recommendations for additional legislation, as the Task Force determines necessary and appropriate.

SEC. 4. (a) (1) The Task Force may, for the purpose of carrying out the provisions of this Act, hold such hearings as may be required for the performance of its functions under this Act, administer oaths for the purpose of taking evidence in any such hearings and issue subpoenas to compel witnesses to appear and testify and to compel the production of documentary evidence in any such hearing. Any member authorized by the Task Force may administer oaths or affirmations to witnesses appearing before the Task Force.

(2) Subpoenas issued pursuant to subsection (a) of this section shall bear the signature of the Chairman of the Task Force and may be served by any person designated by the Chairman of the Task Force for that purpose.

(3) The provisions of section 1821 of title 28, United States Code, shall apply to witnesses summoned to appear at any such hearing. The per diem and mileage allowances of witnesses so summoned under authority conferred by this section shall be paid from funds appropriated to the Task Force.

(4) Any person who willfully neglects or refuses to appear, or refuses to qualify as a witness or to testify, or to produce any evidence in obedience to any subpoena duly issued under authority of this section shall be fined not more than $500, or imprisoned for not more than six months, or both. Upon the certification by the Chairman of the Task Force of the facts concerning any such willful disobedience by any person to the United States Attorney for any judicial district in which such person resides or is found, such Attorney shall proceed by information for the prosecution of such person for such offense.

(b) In order to carry out the functions of the Task Force under this Act, the Chairman is authorized to—

(1) establish, rescind, and amend such rules and regulations as may be necessary;

(2) appoint and fix the compensation of such employees as may be necessary;

(3) procure temporary and intermittent services to the same extent as authorized by section 3109 of title 5, United States Code;

(4) secure from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the United States Government (including intelligence gathering agencies), or of any State, or political subdivision thereof, information, estimates, and statistics required in the performance of the functions of the task force under this Act;

(5) enter into and perform such contracts, leases, cooperative agreements or other arrangements as may be advisable without regard to section 3709 of the Revised Statutes (41 U.S.C. 5) and other provisions of law relating to competitive bidding; and

(6) accept and use with their consent, with reimbursement, such services, equipment and facilities of other Federal agencies as are necessary to carry out such functions efficiently, and such agencies are authorized to loan, with reimbursement, such services, equipment and facilities to the task force.

(b) Each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality (including intelligence gathering agencies) is authorized and directed to furnish such information, estimates, and statistics directly to the task force upon written request made by the Chairman.

SEC. 5. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 6. This Act may be cited as the "Petrodollar Reporting Act".

OCTOBER 4, 1974.

The PRESIDENT,
WHITE HOUSE,
Washington, D.C.

DEAR MR. PRESIDENT: I am deeply concerned, as I know you are, over the tremendous increase in the financial reserves of a handful of oil producing nations and their profund implications. This concentration of capital, and its flow in and out of world money markets on a moment's notice as so-called "petrodollars," pose serious threats to the stability and growth of the world economic system and to the well-being of people everywhere.

The most reliable estimate is that oil exporting nations will receive up to $80 billion in foreign exchange earnings this year, largely as a result of the oil cartel's extraordinary price increases. These earnings could reach $90 billion next year and, according to reliable sources, may total $500 billion by 1980—enough money to purchase every single share of stock on the New York exchange.

Capital movements of this magnitude—currently equal to our entire annual defense budget—are totally unprecedented in world history. On an annual basis, this movement is the equivalent of shipping seven Fort Knoxes to the oil exporting nations each year. If not controlled, such an enormous flow of funds will obviously create chaos and havoc around the world. It could force the closing of foreign exchange markets, cause the bankruptcy of corporations and even nations, prevent many food importing nations from feeding hundreds of millions of people, and result in a major world depression with mass starvation and untold human suffering.

The threat to our people and to the entire world from this drastic shift in world resources must not be allowed to materialize and its seriousness must not be underestimated.

There are, for example, indications already that petrodollars are financing the acquisition of real property by Arab nations in the more prosperous industrialized nations, including resort holdings in South Carolina, apartment buildings in New York City, and office buildings in Paris. Little of this capital appears to be returning to those nations which have been most crippled by the staggering rise in oil prices. Just as alarming are rumors that 15 billion petrodollars are sloshing around the world in a potentially very dangerous manner. Those funds, capable of being quickly shifted from one country to another in search of ever higher returns and ever greater security, are a clear and present threat to world economic stability.

With these facts in mind, it is absolutely imperative that oil importing and exporting nations jointly develop a long-term, comprehensive plan to minimize the destabilizing impact and economic damage to people of petrodollar movements. I believe that an essential first step is for the United States to mount an immediate emergency effort to track the flow of petrodollars around the world. It has been reported that we have lost track of as much as 40 percent of the petrodollars invested since January by the oil exporting nations. From $10 to $13 billion of the $25 to $28 billion in highly liquid OPEC nation assets cannot be accounted for at this time.

We cannot develop a realistic effort to minimize the impact of this capital flow until we have clearly identified the volume of these funds and how they are being used. Recent policy towards the OPEC nations reflects most clearly the urgent need for sound information on thse flows and for a detailed analysis of their implications. At best, most of our information on petrodollar flow is based on educated guesses. Surely on a matter so vital to the national welfare, this is inadequate.

I believe that the Department of the Treasury, building on its expertise in gathering international capital flow information involving domestic corporations, should urgently expand its activities at once.

Specifically, I respectfully urge you to take the following steps now:

First, immediately create a Petrodollar Task Force as an adjunct to the Office of the Secretary of the Treasury and directly responsible to the Secretary. The Task Force would include the Secretary of the Treasury, the Secretary of State, the Secretary of Defense, the Secretary of Commerce, the Director of the Central Intelligence Agency, the Director of the Defense Intelligence Agency, the Chairman of the President's Council of Economic Advisors, and the Chairman of the Federal Reserve System. The Task Force staff would be under the direction of the Secretary of the Treasury and drawn from the various agencies represented on the Task Force.

Second, instruct the Secretary of the Treausry to direct the Task Force to gather specific, detailed data on the short run and long run use, transfer and investment of foreign exchange earnings by oil exporting nations throughout the world and to examine the implications of petrodollar flows for the United States and the world and consider appropriate action to deal with these implications.

Third, require that the Secretary of the Treasury direct the Task Force to report periodically on the status of petrodollar flows, the implications thereof, and recommendations for dealing with their effects to you, and to the Congress.

Finally, I urge you to recommend that the Task Force fully utilize the tremendous information gathering resources of the American intelligence community, including the Central Intelligence Agency and the Defense Intelligence Agency.

In view of the long-term nature and critical importance of petrodollar flows, I will shortly introduce legislation to establish the Petrodollar Task Force as a permanent part of the Office of the Secretary of the Treasury. In the meantime, I respectfully urge you to immediately establish this much needed program by Executive Order.

Sincerely,

HUBERT H. HUMPHREY.

By Mr. HART (for Mr. MAGNUSON):

S.J. Res. 253. A joint resolution to establish a National Commission To Study and Report on the Impact of the Independent Regulatory Agencies upon Commerce. Referred to the Committee on Commerce.

Mr. HART. Mr. President, at the requent of the distinguished chairman of the Senate Commerce Committee (Mr. MAGNUSON) I send to the desk a Senate Joint Resolution to establish a National Commission To Study and Report on the Impact of the Independent Regulatory Agencies upon Commerce. I ask unanimous consent that Senator MAGNUSON's introductory remarks and text of the

resolution be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR MAGNUSON

Mr. President, on Tuesday, President Ford urged a "new mobilization" against inflation and proposed, among other things, the establishment of a National Commission on Regulatory Reform to undertake an examination of the independent regulatory agencies. He proposed that this Commission be composed of members of the Congress, the Executive Branch and the private sector and that it attempt to identify and eliminate existing Federal rules and regulations which increase costs to the consumer but do not give the consumer any equivalent regulatory benefits.

In response to the President's request, I am introducing today a bill in the form of a joint Resolution to create a National Commission to examine and report on the impact of the independent regulatory agencies on commerce, to be known as the National Commission on Regulatory Reform. It is of the highest importance that this Commission approach its tasks with care and the highest standards of accuracy and thoroughness. The job of establishing the Commission, the process of appointing its members, and the Commission's operations should not be regarded as a "political football" game between the forces of regulation and the forces of deregulation.

It is just not that simple. For that reason, it is important that the duly authorized Committees of the Congress which exercise oversight over the independent regulatory agencies, hold hearings and report this legislation, and perform the oversight on the work of the National Commission.

The basic duties of the National Commission would be twofold. First, the Commission, within one year, would be required to report to the President and Congress on the economic and other impacts of regulation by the independent regulatory agencies. The Commission would be required to investigate the impact of the agency's regulations upon market structures, competition, inflation, employment, prices, health, and safety. The Commission would have the duty of recommending to Congress and the President areas where it believes that regulation places an undue burden upon commerce in relation to the benefits derived from such regulation.

Second, the Commission would be required to investigate and make recommendations within two years to the Congress and the President on methods of improving the independent regulatory agencies and the regulatory structure. The Commission would be required to make specific legislative recommendations for agency reform. The Commission would be required to make a third comprehensive report within three years, at the end of its term of existence, on the progress made in implementing its conclusions and recommendations. There have been too many excellent National Commission Reports which have died because of lack of follow up. Regulatory reform is too important to permit that to happen with these Commission recommendations.

This Commission would be composed of twelve members, three from the executive branch, six from the Congress and three from the private sector.

S.J. RES. 253

Whereas the American consumer is entitled to the lowest possible prices consistent with a stable and productive economy;

Whereas there is a need to regulate commerce to insure the free movement and equitable distribution of safe and environmentally sound goods and services to protect the consumer against fraudulent, discriminatory, dangerous, unjust and unreasonable commercial practices or unnecessary injury;

Whereas the Congress has established independent regulatory agencies from time to time since 1887, "to regulate commerce with foreign nations, and among the several states" by creating independent regulatory entities as arms of the Congress with the authority to exercise legislative and adjudicatory authority within a broad framework of Congressional standards and declaration of policies.

Whereas such independent regulatory agencies may be imposing certain unnecessary burdens upon commerce which are contrary to the purposes of establishing such agencies;

Whereas the President of the United States, in an address to a Joint Session of the Congress, has called for a comprehensive study of the independent regulatory agencies to identify and eliminate existing Federal rules and regulations that unnecessarily increase costs to the consumer by protecting the least efficient companies subject to their regulation and by legitimizing restrictive and anticompetitive trade practices that have the effect of increasing prices to the consumer; and

Whereas, the President's recognition of the need for the establishment of a National Commission to examine the operation of the independent regulatory agencies and to examine the premises upon which some or all of them were created is well substantiated by testimony received by the Congress, the efficacy of these agencies, the accountability of these agencies to the public interest, and the public policy justification of these agencies should be studied and reviewed by qualified and impartial individuals on a bipartisan basis,

Now Therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress Assembled,

(a) Establishment—There is established for a term of 3 years a National Commission on Regulatory Reform (herein after referred to as the "Commission").

(b) Structure—(1) The Commission shall consist of twelve members, as follows:

(A) Three who shall be appointed by the Majority Leader of the Senate, of whom not more than two shall be affiliated with the same political party;

(B) Three who shall be appointed by the Speaker of the House of Representatives, of whom not more than two shall be affiliated with the same political party;

(C) Three who shall be appointed by the President, with the advice and consent of the Senate, from the personnel of independent Federal regulatory agencies;

(D) Three who shall be appointed by the President, with the advice and consent of the Senate, from lists of qualified individuals on the basis of their special training, experience, or qualifications, of whom not more than two shall be affiliated with the same political party.

(2) Members of the Commission shall be appointed for a term of 3 years, except that any individual appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term and in the same manner in which such predecessor was appointed.

(3) The members of the Commission shall elect one of their number to serve as Chairman thereof.

(4) Twelve members of the Commission shall constitute a quorum for the purpose of electing a chairman or approving any final reports required by this resolution. Six members of the Commission shall constitute a quorum at any meeting for the performance of any other function of the Commission: *Provided*, That notice in writing of the dates, time, and location of such meeting is given or sent by certified mail to each of the members of the Commission at least 30 days prior to the date thereof.

(c) DUTIES.—The Commission shall—

(1) Within 12 months after its establishment, prepare a comprehensive report to the Congress and the President containing its conclusions and recommendations, together with the criteria, standards, data, and findings upon which such conclusions and recommendations are based, with respect to—

(A) the consequences to the Nation of regulation by independent regulatory agencies;

(B) the economic costs, including any inflationary impact upon the price of goods and services affected by such regulation, and any economic benefits, of regulation by the independent regulatory agencies, including an analysis of the relationship, if any, between such regulation and the degree of market concentration, the amount of competition, and the performance characteristics of industries, subject thereto, of regulation by the independent regulatory agencies, considered collectively and individually;

(C) any noneconomic costs and benefits of such regulation, taking into account reliability of service, protection of the environment, protection of low- and middle-income consumers, demographic impact, quality of life, and other relevant factors and National goals and purposes as set forth in Acts of Congress;

(D) evaluation of the benefits to the Nation of continuing regulation by independent regulatory agencies, considered collectively and individually, and costs thereof in comparison with the benefits to the Nation of discontinuing such regulation in whole or in part, and costs thereof;

(E) the consequences to the Nation of discontinuing regulation by independent regulatory agencies, on the same bases as set forth in subparagraphs (B) and (C) hereof; and

(F) the extent to which regulation by such agencies should be continued, discontinued, or modified to attain the maximum economic and other benefits to the Nation at the minimum economic and other costs to the Nation and its citizens, including identification of the regulation which should be continued and which should be discontinued and on what basis;

(2) Within 24 months after its establishment prepare a second such comprehensive report to the Congress and the President, with respect to—

(A) changes in the structure, operations, procedures, mechanisms, and philosophy of the independent regulatory agencies, considered collectively and individually, which would decrease any negative consequences of regulation to the Nation without impairing the affirmative consequences thereof;

(B) the extent to which such changes and any other modifications (by statute, regulation, rule, or practice) could improve the effectuation by such agencies, considered collectively and individually, of their statutory purposes and duties;

(C) all reasonable proposals for administering the independent regulatory agencies and for improving the efficiency, effectiveness, responsiveness, and accountability of such agencies, considered collectively and individually, including, but not limited to an evaluation of proposals for (i) merging or otherwise restructuring existing independent regulatory agencies; (ii) providing for tenure in the office of the Chairman of each such agency; (iii) providing for some form of merit selection recommendation prior to nomination of members of such agencies, such as that provided in section 202(d) of Public Law 93-236; (iv) reducing the number of members or commissioners of such