

## U.S. INTERNATIONAL TRADE COMMISSION BUDGET AUTHORIZATION

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MAY 5, 1977.—Ordered to be printed

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Mr. LONG, from the Committee on Finance, submitted the following

### REPORT

together with

### SUPPLEMENTAL VIEWS

[To accompany H.R. 6370]

The Committee on Finance, to which was referred the bill (H.R. 6370) to authorize appropriations to the International Trade Commission for fiscal year 1978, to provide for the Presidential appointment of the Chairman and Vice Chairman of the Commission, to provide for greater efficiency in the administration of the Commission, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

#### I. SUMMARY

The Committee on Finance amendment to H.R. 6370, which is in the nature of a substitute, is designed to achieve three objectives:

To authorize appropriation of \$12,187,000 to the U.S. International Trade Commission for fiscal year 1978;

To provide for efficient administration of the Commission by making the Chairman, rather than the full Commission, responsible for administrative matters; and

To require reports by the Commission on synthetic organic chemicals until 1981.

## II. REASONS FOR THE BILL

Section 175(b) of the Trade Act of 1974 amended section 330 of the Tariff Act of 1930 to require an annual authorization of appropriations to the U.S. International Trade Commission (ITC). The committee recognizes the increased responsibilities of the Commission under the Trade Act of 1974 and therefore believes the ITC fiscal year 1978 request for \$12,187,000 is entirely justified.

The ITC is suffering from internal administrative problems, particularly personnel problems which have inhibited efficient administration and hurt employee morale. The committee believes these problems result from the inability of the Commissioners to agree among themselves and the cumbersome requirement that the full Commission act on all administrative matters. The committee is convinced the best way to end these problems is to give the Chairman of the ITC administrative authority subject to the disapproval of the full Commission.

## III. GENERAL EXPLANATION

### A. Budget authorization

Section 1 of the House bill would provide an authorization of appropriations of \$11,522,000 to the ITC for fiscal year 1978. This amount represents a \$655,000 decrease from the Commission's budget request. The Ways and Means Committee report calls for decreases in self-initiated investigations, travel, and printing and reproduction costs.

Section 1 of the committee amendment authorizes appropriation of the full amount requested by the ITC. The committee believes this amount is entirely justified by the increased workload of the ITC resulting from changes in its responsibilities made under the Trade Act of 1974.

The ITC authorization for fiscal year 1978, \$12,187,000, represents a dollar increase of \$347,000, or 2.9 percent, over the appropriation for fiscal year 1977. Seventy-four percent, or \$9.5 million, of the fiscal year 1978 request is for personnel. The budget request calls for 395 permanent employees, the same number as was budgeted for fiscal year 1977. The ITC currently has 359 employees.

The low number of actual employees results from the hiring freeze which the Commission imposed pending completion of its internal reorganization. Before the reorganization, the ITC was authorized to hire 426 permanent employees. Under the current reorganization plan, approximately 90 old positions will be abolished and 60 new positions will be created, resulting in a net reduction of 30 employees.

Changes in the ITC budget between fiscal year 1977 and 1978 are shown in the following table:

## COMPARATIVE OBLIGATIONS, BY ACTIVITY

[In thousands of dollars]

Activities	Fiscal year 1976 actual	Increase or de- crease, fiscal year 1977 from fiscal year 1976	Fiscal year 1977 estimate	Increase or de- crease, fiscal year 1978 from fiscal year 1977	Fiscal year 1978 estimate
<b>Public Investigations</b>					
Import injury (TEA of 1962 and TA of 1974).....	1,560	-405	1,155	189	1,344
Under sec. 332 of the Tariff Act of 1930:					
Pursuant to Presidential request.....	179	676	855	-148	707
Pursuant to congres- sional resolution.....	452	58	510	24	534
Initiated on the Commis- sion's own motion.....	176	729	905	48	953
Interference with agricultural programs (AAA).....	41	49	90	4	94
Antidumping (Antidumping Act, 1921).....	506	45	551	25	576
Unfair practices: Sec. 337 and 303 of the Tariff Act of 1930, as amended and secs. 301(c) and 301(e) of the Trade Act of 1974.....	817	877	1,694	13	1,707
Probable economic effect of concessions (TA of 1974).....	106	-106			
<b>Total public investigations..</b>	<b>3,837</b>	<b>1,923</b>	<b>5,760</b>	<b>155</b>	<b>5,915</b>
<b>Furnishing technical information and assistance to--</b>					
Congress.....	335	-6	329	16	345
Federal agencies and the public.....	319	-10	309	41	350
<b>Total furnishing technical information, etc.....</b>	<b>654</b>	<b>-16</b>	<b>638</b>	<b>57</b>	<b>695</b>
<b>Other substantive activities:</b>					
East-West trade reports (sec. 410 of TA of 1974).....	115	19	134	33	167
Relating to trade agreements. Statistical enumeration, code structure and publication...	459	202	661	-48	613
Assembling and analyzing economic and technical information.....	1,263	29	1,292	9	1,301
Other.....	1,411	-499	912	71	983
Other.....	473	-31	442	-20	422
<b>Total other substantive activities.....</b>	<b>3,721</b>	<b>-280</b>	<b>3,441</b>	<b>45</b>	<b>3,486</b>
<b>Total substantive activities..</b>	<b>8,212</b>	<b>1,627</b>	<b>9,839</b>	<b>257</b>	<b>10,096</b>

See footnotes at end of table.

## COMPARATIVE OBLIGATIONS, BY ACTIVITY—Continued

[In thousands of dollars]

Activities	Fiscal year 1976 actual †	Increase or de- crease, fiscal year 1977 from fiscal year 1976	Fiscal year 1977 estimate	Increase or de- crease, fiscal year 1978 from fiscal year 1977.	Fiscal year 1978 estimate
<b>Executive direction and adminis- tration:</b>					
Commissioners' offices.....	898	199	1,097	41	1,138
Administration.....	752	120	872	7	879
Severance pay.....		42	42	42	84
<b>Total obligations.....</b>	<b>9,862</b>	<b>1,988</b>	<b>11,850</b>	<b>347</b>	<b>12,197</b>
Less: Estimated reimburse- ments.....	32	-22	10		10
<b>Net obligations.....</b>	<b>9,830</b>	<b>2,010</b>	<b>11,840</b>	<b>347</b>	<b>12,187</b>

† Does not include transition quarter.

The committee does not agree with the limitations on Commissioners' personal staff in the House bill or the specific budget reductions recommended in the House report. In particular, the committee believes the ITC should continue to anticipate the information requirements of the Congress and the Executive by initiating investigations on its own motion. The committee does not believe Congress should attempt to regulate the day-to-day activities of the Commission. The committee believes Congress must rely upon the discretion of the Commissioners in the conduct of their official duties.

The committee expects the ITC to continue its efforts to realize savings through internal reorganization and the use of modern techniques in printing and information collection. The committee also expects the ITC to consult with the committee and the Ways and Means Committee to insure that the Commission's self-initiated studies meet the information requirements of the Congress.

#### B. Administration of the Commission

The House bill included changes relating to administration of the ITC. The House bill would require an individual appointed to the ITC to be knowledgeable about international trade. Present law requires such an individual to be capable of developing knowledge of international trade.

The House bill would require the President to appoint the Chairman and Vice Chairman for 3-year terms. Present law rotates those offices. Each Commissioner serves as Chairman during the last 18 months of his term as a Commissioner.

The House bill would give the Chairman administrative authority for all matters except the budget, external relations, and employment of "key personnel." Present law gives the entire Commission administrative authority for the ITC.

The committee amendment deletes the House provisions on qualifications for appointment to the ITC. The committee believes common-sense and intelligence are prerequisites for appointment to the ITC. The President should be free to select any individual who possesses these characteristics. He should not be limited to individuals who may, because of prior knowledge of the substantive issues before the ITC, have rigid opinions on international trade issues. Such individuals may be unable to make the objective, unbiased decisions required of an ITC Commissioner.

The committee amendment deletes the House provisions on administration of the ITC and inserts a new provision in section 2. The committee believes the administrative problems of the ITC will best be resolved by giving the Chairman administrative authority for the agency. Because many of the administrative problems arise over the budget and the employment of "key personnel," the committee believes the House provision would be a change without effect: Disputes over the most serious administrative problems would continue to consume the time of the full Commission. The authority the committee proposes to give the ITC Chairman is similar to that of the chairmen of many independent regulatory agencies, such as the Chairman of the Securities and Exchange Commission (see sec. 2 of the act entitled an "Act To Authorize the Securities and Exchange Commission to Delegate Certain Functions," Public Law No. 87-592, sec. 2 (Aug. 20, 1962) (15 U.S.C. 78d-2); 1950 Reorg. Plan No. 10 (15 Stat. 3175, 64 Stat. 1265) (15 USCA 78d note)).

The committee recognizes that a strong Chairman could dominate the other Commissioners on substantive issues. For that reason, the committee believes administrative decisions of the Chairman should be subject to disapproval by the full Commission and the chairmanship should continue to rotate among Commissioners. This will insure that no individual and no political party can exercise undue influence over the Commissioners on substantive issues.

The committee expects the Commission to quickly conclude revision of its Policy Manual to establish regular procedures for administration of the ITC, consistent with the administrative role of the Chairman established in section 2 of the committee amendment.

### *C. Synthetic Organic Chemical Reports*

The ITC prepares and publishes reports on sales of synthetic organic chemicals and the raw materials from which they are produced, a directory of manufacturers of those products, statistics on imports of benzoid chemicals, and monthly statistical reports covering production of a selected list of synthetic organic chemicals considered to be representative of the industry. The House bill does not contain any provision on these reports; the committee amendment authorizes continuation of the reports through 1980.

The ITC proposed to continue publication of synthetic organic chemical reports during fiscal year 1978. However, the ITC asked for congressional guidance on the future of the reports. Although approximately 90 percent of the reports are distributed to the public, the committee understands that the reports are used by many Government agencies. The Office of the Special Representative for Trade Negotiations, in particular, requires the reports for the multilateral

trade negotiations now underway in Geneva. The committee believes the ITC should continue publication of the synthetic organic chemical reports at least during the trade negotiations. Because the negotiating authority terminates in 1980, section 3 of the committee amendment requires publication until January 1, 1981.

#### IV. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the committee estimates the cost of carrying out this bill, as amended, will be \$12,187,000 during fiscal year 1978 if the amount authorized is appropriated. The committee estimates the cost of carrying out the bill during fiscal years 1979, 1980, and 1981 will be approximately \$248,000 per year for the preparation of synthetic organic chemical reports. The committee expects savings to be realized from more efficient administration of the ITC if its amendment is enacted. The committee is not able to estimate the amount of these savings at this time.

In compliance with section 403 of the Congressional Budget Act of 1974, the Director of the Congressional Budget Office has submitted the following report to the committee:

#### *Congressional Budget Office—Cost Estimate*

1. Bill number: H.R. 6370. Date: May 3, 1977.
2. Bill status: Reported by the Senate Committee on Finance.
3. Description of bill: This legislation amends the Tariff Act of 1930, as amended, to:

Authorize to be appropriated for fiscal year 1978, \$12.187 million to meet the expenses of the International Trade Commission;

Authorize to be appropriated such funds as may be necessary for increases in pay and employee benefits authorized by law for each fiscal year after September 30, 1977;

Define the administrative responsibility of the Chairman of the Commission; and

Continue reports with respect to synthetic organic chemicals.

4. Budget impact:

	<i>Budget function 152</i>	<i>Millions</i>
Fiscal year 1978:		
Authorization amounts.....		12.8
Estimated costs.....		11.9
Fiscal year 1979:		
Authorization amounts.....		.7
Estimated costs.....		1.5
Fiscal year 1980:		
Authorization amounts.....		.6
Estimated costs.....		.6
Fiscal year 1981:		
Authorization amounts.....		.7
Estimated costs.....		.7
Fiscal year 1982:		
Authorization amounts.....		.7
Estimated costs.....		.7

5. Basis for estimate: This estimate assumes enactment of this legislation on or before September 30, 1977, and is subject to sub-

sequent appropriations. The allowances for pay and benefit increases are compounded on the fiscal year 1978 pay base using current OBO economic assumptions.

Estimated costs are derived by applying historical outlay rates to the authorization amounts.

6. Estimate comparison: None.

7. Previous CBO estimate: An estimate was prepared for H. R. 6370, as reported by the House Committee on Ways and Means, on April 21, 1977. The bill passed by the House on April 25, 1977, authorized the appropriation of \$11,522,000, or \$665,000 less than authorized for appropriation in this legislation.

8. Estimate prepared by:

JOSEPH C. WHITEHILL.

9. Estimate approved by:

JAMES L. BLUM,  
*Assistant Director for Budget Analysis.*

## V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the bill, as amended, will not regulate any individuals or businesses.

## VI. VOTE OF COMMITTEE

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill, as amended, was ordered favorably reported by voice vote.

## VII. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is in italic, existing law in which no change is proposed is shown in roman).

### TARIFF ACT OF 1930

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### TITLE III—SPECIAL PROVISIONS

\* \* \* \* \*

### PART II—UNITED STATES INTERNATIONAL TRADE COMMISSION

#### SEC. 330. ORGANIZATION OF THE COMMISSION.

\* \* \* \* \*

(e) (1) For the fiscal year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.

(2) *There are authorized to be appropriated to the Commission for each fiscal year after September 30, 1977, in addition to any other amounts authorized to be appropriated for such fiscal year, such sums as may be*

*necessary for increases authorized by law and salary, pay, retirement, and other employee benefits.*

*(3) There are authorized to be appropriated to the Commission for the fiscal year ending September 30, 1978, \$12,187,000.*

**SEC. 331. GENERAL POWERS.**

**[(a) Personnel.—**The Commission shall appoint a secretary, and the Commission shall have authority to employ such special experts, examiners, clerks, and other employees as the Commission may from time to time find necessary for the proper performance of its duties.]

*(a. Administration of Commission.—The chairman shall—*

*(1) appoint and fix the compensation of such employees of the Commission as he deems necessary, including a secretary,*

*(2) procure the services of experts and consultants in accordance with section §109 of title 5, United States Code, and*

*(3) exercise the executive and administrative functions of the Commission with respect to—*

*(A) the supervision of personnel employed by, or assigned to, the Commission, except that each commissioner may select and supervise personnel for his personal staff,*

*(B) the distribution of cases, investigations, and other official matters among personnel employed by, or assigned to, the Commission, and*

*(C) the use and expenditure of funds appropriated or made available to the Commission.*

*Any decision by the Chairman pursuant to the preceding sentence shall be subject to disapproval by a majority of the full Commission*

\* \* \* \* \*



## VIII. SUPPLEMENTAL VIEWS OF SENATORS CURTIS AND HANSEN

We voted to report H.R. 6370 to the Senate but have strong reservations regarding a provision of the bill which sets forth a procedure for voting by the Commission on administrative matters.

Foreign trade issues have become increasingly important for the United States, and it is essential to the conduct of our international economic policy that the International Trade Commission operate as efficiently as possible. In order to efficiently carry out its responsibilities, we are of the opinion that the International Trade Commission should have a Chairman responsible for initiating administrative action subject to approval by the Commission in certain key areas.

However, this bill goes beyond a limited delegation of authority and provides that administrative decisions by the Chairman would prevail unless overruled by a majority of the members of the Commission. This procedure, in effect, gives the Chairman an additional vote on all Commission administrative matters.

We recognize that it would not be desirable for the Commission to handle routine administrative issues, and we support the concept of delegation of authority of day-to-day administrative responsibilities to the Chairman. Nevertheless, we are strongly opposed to giving the Chairman extraordinary authority which would run counter to the intent of Congress when it established a six member, bipartisan Tariff Commission.

Further, it is our view that the provision of this bill granting the Commission Chairman extraordinary authority would tend to destroy the objectivity and independence of the Commission and Commission staff.

CARL T. CURTIS,  
*U.S. Senator.*  
CLIFFORD P. HANSEN,  
*U.S. Senator.*

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