

**DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE,
THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS FOR 1976**

**HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
NINETY-FOURTH CONGRESS
FIRST SESSION**

**SUBCOMMITTEE ON THE DEPARTMENTS OF STATE, JUSTICE, AND
COMMERCE, THE JUDICIARY, AND RELATED AGENCIES**

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PART 7

**Federal Trade Commission
U.S. Information Agency**

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**DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE,
THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1976**

WEDNESDAY, MAY 14, 1975.

FEDERAL TRADE COMMISSION

WITNESSES

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Mr. SMITH. The committee will be in order.

This morning we shall hear from the Federal Trade Commission concerning its fiscal year 1976 budget request. This item is found on page 418 of the committee print. We shall insert at this point in the record the entire set of justification materials.

[The justifications referred to follow:]

(1)



OFFICE OF
THE CHAIRMAN

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

April 25, 1975

Dear Mr. Chairman:

Transmitted herewith is the budget request and justification of the Federal Trade Commission for the fiscal year 1976.

By direction of the Commission.

Sincerely,

A handwritten signature in cursive ink that reads "Lewis A. Engman".

Lewis A. Engman
Chairman

Honorable John M. Slack, Jr.
Chairman, Appropriations Subcommittee
on State, Commerce, Justice, the Judiciary
and Related Agencies
House of Representatives
Washington, D.C. 20515

Honorable John O. Pastore
Chairman, Senate Appropriations
Subcommittee on State, Commerce,
Justice, the Judiciary and
Related Agencies
United States Senate
Washington, D.C. 20510

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OVERVIEW STATEMENT

The Federal Trade Commission is charged by law with preserving the health of the free enterprise system by ensuring that competition is both free and fair. This task is always basic to the protection of the public. However, in a period of rapidly rising prices and economic uncertainty, the Commission's responsibilities assume even greater significance.

Competition by itself is no guarantee against rising prices; nor do fair market practices and reliable product information ensure that consumers will always make wise purchasing decisions. But government vigilance in enforcing the laws that promote these conditions will help ensure that price increases attributable to excessive demand or short supply will not provide a cover for additional unwarranted price increases resulting from anticompetitive conduct, the abuse of market power, or unfair marketing practices.

Recognizing this fact, the Commission, during fiscal 1976, will employ its resources in an effort to hold unwarranted price increases to a minimum. Several important factors will be emphasized.

- The Commission's maintaining competition mission will be further strengthened by devoting a greater proportion of the Commission's resources to antitrust enforcement.
- More industry-wide -- as opposed to case-by-case -- investigations will be undertaken to allow the Commission to squeeze the maximum effect from its resources.
- Increased emphasis will be placed on enforcing compliance with existing Commission orders. The Commission's consumer redress and civil penalty enforcement action capabilities were strengthened by the passage of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act of 1975. Enforcement initiatives based on these new capabilities will be initiated during fiscal 1976.

Underlying and supporting these efforts will be improved Commission-wide program planning and increased use of management tools such as cost-benefit analysis, tighter financial and program management, and program evaluation. The new program budgeting concept and the explanation of how this Program Budget Justification to the Congress is organized are contained in Appendix A.

Major fiscal 1976 initiatives for the three principal areas of Commission responsibility are discussed below.

Maintaining Competition

The antitrust laws were enacted to foster and preserve competition and the free enterprise system. Their underlying premise, according to the Supreme

Court, is that "unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lower prices, the highest quality, and the greatest material progress."

The Commission plans to continue its antitrust activity in three of the most vital -- and currently most inflation prone -- sectors of the economy: energy, food, and health care. In addition, it will devote substantial efforts to applying antitrust remedies where it finds broad, industry-wide violations.

Over the past two years, energy has been the Commission's primary antitrust concern. That is not expected to change during fiscal 1976. The major thrust in the energy area during fiscal 1976 will be two-fold: (1) continuation of current petroleum industry litigation, and (2) completion of the study and major analysis -- as directed by the Congress -- of competitive conditions across the various energy industries, as well as the initiation of possible enforcement actions deriving therefrom.

The Commission's antitrust efforts in the food industry involve a thorough study and analysis of all segments of this price-volatile area of the economy. This examination includes every link in the food chain from farmer to consumer.

Its health care program will be directed toward antitrust action where anti-competitive activity has contributed to increased costs of medical care. This effort will include investigations of the drug industry, medical laboratories and hospital supplies and may produce a recommendation to the Congress for appropriate legislative remedies.

Increased efforts in these major areas will necessitate substantial increases in the Commission's funding for competition activities during fiscal 1976.

Consumer Protection

The Commission's consumer protection enforcement mission is to protect consumers by eliminating unfair or deceptive practices, particularly those that inhibit or restrict the free exercise of informed choice.

A more coordinated approach will be taken in addressing the most serious and persistent consumer problems. The emphasis of headquarters and regional office staffs will be on litigating cases of material importance and promulgating trade regulation rules rendering enforcement susceptible to less cumbersome proceedings. Programs to ensure that material information is disclosed to the consumer, e.g., on food and prescription drugs, will be continued.

The passage of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act of 1975 substantially enhances and strengthens the Commission's ability both to promulgate trade regulation rules and to initiate even more effective enforcement actions. The warranties section mandates that the Commission initiate rulemaking proceedings and promulgate trade regulation rules covering 11 possible areas. A substantial portion of the Bureau of Consumer Protection and the Regional Offices will be involved in these efforts during fiscal 1976. Utilizing its newly acquired authority involving consumer redress and civil penalty actions, the Commission will be devoting a major proportion of its resources to implementing these new enforcement capabilities. Taken together, they provide a much greater deterrent to the use of unfair and deceptive marketing practices.

Economic Activities

In fiscal 1976, the Commission's most important economic activity will be the continued implementation and improvement of the Commission's line-of-business reporting program, approved by the Commission in fiscal 1974. During fiscal 1976, the Commission expects to publish its first full report on line-of-business performance and profitability based on coverage of the largest U.S. manufacturing companies. In addition, the Commission will continue to collect information for future reports.

These reports should greatly facilitate analysis on the performance of the American economy by substantially improving the quality of available financial information. Continued reporting will be maintained on other aggregate statistics on manufacturing, wholesale and retail trade, and the mining sector.

Approximately 40 percent of the Commission's economics' resources in fiscal 1976 will be devoted to direct enforcement support, primarily related to competition activities. These support activities will include analyses of the principal energy industries, assistance to petroleum and breakfast cereals litigation, industry-wide investigations into pharmaceutical pricing and health care, and background work for other antitrust litigation. Qualitative economic analysis support of consumer protection programs will also be expanded.

About a quarter of the Commission's overall economic resources for fiscal 1976 will be devoted to in-depth studies of business conduct in several specific industries. Other economic analyses will include a study of the effects of market power, giving special attention to its relationship to inflationary price increases of recent years, an analysis of published line-of-business survey data, and an examination of possible barriers to competitive entry in the American economy.

Summary

The Commission recognizes that, in an economy plagued by both recession and continued high prices, many types of government spending should be curtailed. Nonetheless, the Commission firmly believes that increased antitrust enforcement activity can ultimately provide benefits to consumers that far outweigh the relatively small additional expenditures required to achieve them. Therefore, the Commission intends to hold the line in many of its activities and is asking for no increase in staffing for its consumer protection mission. Rather, it is asking for an increase in staffing only for its competition mission. We believe that increased commitment of resources in this area -- contrary to the rule generally applicable to any government expenditures -- will directly aid in the battle against high prices.

Last, a significant proportion of the increased funding that the Commission is requesting is directly related to costs that are beyond the Commission's control, e.g., the October 1974 pay increase, amendments to the Freedom of Information Act, and the general inflation afflicting all agencies. This funding is needed to permit the Commission to carry out its Congressionally-mandated responsibilities in a vigorous manner.

Accordingly, the Commission requests an increase of 65 positions and \$7,751,000 for fiscal 1976 and a total request of 1,634 permanent positions and \$45,649,000. In addition, \$12,000,000 is requested to cover salaries and expenses for the transitional fiscal period beginning July 1, 1976, and ending September 30, 1976.

FEDERAL TRADE COMMISSION
SUMMARY OF MISSION RESOURCE ESTIMATES

1975 RESOURCE ESTIMATES							1976 RESOURCE ESTIMATES						
	Total Man-Years	Percent of Total Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Total Mission Dollars		Total Man-Years	Percent of Total Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Total Mission Dollars
Maintaining Competition.....	509.8	31.2%	\$9,019,670	\$2,916,301	\$12,436,000	32.9%	577.4	31.3%	\$11,907,308	\$4,729,582	\$16,636,000	36.4%	
Bureau of Competition.....	277.0	17.2	5,571,931	2,418,051	7,989,982	20.5	325.0	16.7	7,743,135	3,612,302	10,555,437	23.1	
Bureau of Economics.....	143.0	3.0	1,051,400	55,400	1,116,800	2.8	54.3	1.2	1,247,800	141,700	1,389,500	3.0	
Regional Operations.....	19.1	1.1	1,774,820	1,035	1,835,175	4.7	100.0	1.6	2,142,740	165,277	2,317,177	5.1	
Related Activities.....	1/ 82.7	5.5	1,511,580	365,149	1,677,043	4.9	95.1	1.7	1,765,133	606,753	2,373,886	5.2	
Consumer Protection.....	725.0	45.2	13,542,612	3,571,385	17,114,000	43.4	712.5	42.1	13,423,307	5,107,092	16,731,000	41.0	
Bureau of Consumer Protection.....	287.0	17.3	5,563,310	1,907,704	7,071,114	18.1	287.6	17.1	5,732,066	2,159,774	7,594,072	17.3	
Bureau of Economics.....	6.5	.5	170,600	9,300	174,900	.4	7.5	.2	158,100	21,500	209,600	.4	
Regional Offices.....	340.0	21.2	1,382,004	1,609,971	7,992,067	20.9	330.0	19.7	6,266,000	2,551,124	8,519,908	18.7	
Office of Policy Planning and Evaluation.....	2.0	.1	36,204		36,296	.1	2.1	.2	51,000		51,000	.1	
Related Activities.....	1/ 90.5	5.6	1,390,313	444,310	1,434,623	4.7	104.5	9.1	1,376,625	677,795	2,056,420	4.5	
Economic Activities.....	114.6	6.0	2,304,611	96,089	3,321,000	8.6	140.5	5.1	2,365,360	1,169,696	3,865,000	8.6	
Bureau of Economics.....	124.5	7.8	2,106,310	869,787	2,555,106	7.6	122.2	7.1	2,083,437	1,204,311	3,367,750	7.4	
Related Activities.....	2/ 90.1	1.2	288,592	86,302	374,801	1.0	16.1	1.1	261,521	199,329	477,250	1.1	
Executive Direction and Policy Planning.....	91.1	5.7	1,895,707	495,203	2,391,000	6.1	29.3	5.2	2,109,262	631,739	2,741,000	6.0	
Administration & Management.....	142.6	6.0	2,116,076	1,204,024	3,323,000	8.5	144.7	8.6	2,235,064	1,456,936	3,676,000	8.1	
TOTAL.....	1,410.0	100.0%	\$20,871,045	\$9,196,902	\$26,068,000	100.0%	1,675.0	100.0%	\$20,622,600	\$13,426,700	\$15,146,000	100.0%	

1/ Includes resources of the Office of the General Counsel, Administrative Law Judges, Office of the Secretary and the Management Division.

2/ Includes resources of the Office of the General Counsel, Office of the Secretary and the Management Division.

3/ The Mission Resource Estimates include the \$1,000,000 supplemental request now pending to cover the costs of the October 1971 pay raise.

Best Available Copy

MAINTAINING COMPETITION MISSION
RESOURCE ESTIMATES SUMMARY

Program Code	Program Description	1975 RESOURCE ESTIMATES					1976 RESOURCE ESTIMATES						
		Total Man-Years	Percent of Direct Mission Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars	Total Man-Years	Percent of Direct Mission Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars		
<u>Direct Mission Activities:</u> 1/													
AA	Petroleum Industry Litigation.....	47.5	11.5%	\$896,113	\$940,141	\$1,836,254	16.8%	57.0	11.8%	\$1,081,132	\$1,347,391	\$2,426,523	17.0%
AB	Energy Study and Enforcement Follow-up.....	40.6	9.8	820,474	112,704	933,178	8.5	43.6	9.0	896,532	210,379	1,106,911	7.8
	ENERGY PROGRAM SUBTOTAL.....	88.1	21.3	1,716,587	1,052,845	2,769,442	25.3	100.6	20.8	1,977,664	1,597,770	3,535,434	24.8
BA	Food Program: Grower - Producer...	5.0	1.2	111,435	7,790	119,225	1.1	12.0	2.5	262,527	14,171	276,698	1.9
BC	Food Program: Manufacturer - Producer.....	42.4	10.2	892,243	72,351	964,594	8.8	49.7	10.3	1,046,152	133,381	1,181,533	8.3
BD	Food Program: Distribution and Marketing (except Retailing).....	14.0	3.4	311,563	26,146	339,709	3.1	9.8	2.0	224,902	47,063	271,965	1.9
BE	Food Program: Retailing.....	9.4	2.3	198,948	36,753	235,701	2.2	18.6	3.9	397,589	24,738	422,327	3.0
BF	Food Program: Food Commodities.....	10.0	2.4	209,250	13,527	222,777	2.0	16.6	3.4	354,175	23,187	377,362	2.7
	FOOD PROGRAM SUBTOTAL.....	80.9	19.5	1,723,449	158,567	1,882,006	17.2	106.7	22.1	2,287,345	242,540	2,589,885	17.8
CA	Health Care Program.....	14.3	3.5	298,493	14,544	313,037	2.9	15.4	3.2	333,342	37,414	370,756	2.6
DA	Industry-Wide Matters.....	48.6	11.8	985,846	102,656	1,088,496	9.9	56.7	11.8	1,205,913	181,921	1,387,834	9.7
DB	Mergers and Joint Ventures.....	61.3	14.8	1,273,485	129,288	1,402,773	12.8	60.5	12.5	1,295,788	224,625	1,520,413	10.7
DC	Horizontal Restraints.....	41.9	10.1	855,260	41,310	997,160	8.2	60.4	12.5	1,288,766	86,378	1,375,144	9.6
DD	Vertical & Distributional Restraints.....	49.7	12.0	975,674	71,297	1,046,971	9.6	57.1	9.8	1,024,490	133,690	1,158,180	8.1
EA	Compliance (Competition).....	29.1	7.0	576,783	44,143	622,966	5.7	34.6	7.3	726,367	67,394	793,761	5.5
Other Direct Mission Resources: 2/					683,746	683,746	6.2				1,023,163	1,023,163	7.2
	Allocation.....	3/			235,410	235,410	2.2				567,584	567,584	4.0
	SUMMARY.....	441.1	100.0	8,406,151	2,533,806	10,941,957	100.0	482.3	100.0	10,139,675	4,122,439	14,262,114	100.0

1/ Direct Mission activities reflect the total budgetary resources of the Bureau of Competition and substantial portions of the budgetary resources for the Bureau of Economics and the Regional Offices.

2/ Includes space rental, office equipment rental, supplies and equipment etc. not directly associated with individual programs.

3/ Includes telecommunications and postage not allotted to specific programs or bureaus.

Maintaining Competition Mission (CONT'D)
RESOURCE ESTIMATE SUMMARY

FEB 7

Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man- Years	Percent of Mission Support and Benefits	Salaries	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars	Total Man- Years	Percent of Mission Support and Benefits	Salaries	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars
<u>Mission Support Activities:</u>													
T01	Management Support to Maintaining Competition.....	3.7	4.2%	\$58,461	\$63,750	\$122,211	6.5%	3.4	3.6%	\$59,900	\$100,700	\$160,600	6.8%
T02	Administrative Law Judges.....	16.8	18.0	456,060	50,418	506,478	26.7	19.8	20.3	539,121	76,991	616,112	26.0
T03	Office of the General Counsel.....	29.1	32.8	577,269	57,626	634,895	35.0	35.1	36.9	743,677	127,960	871,637	36.7
T04	Office of the Secretary.....	30.1	34.1	419,758	183,701	603,459	31.8	36.8	36.7	422,235	302,602	725,537	30.5
	SUMTOTAL.....	88.7	100.0	\$1,521,548	\$365,495	\$1,897,043	100.0%	95.1	100.0%	\$1,755,633	\$608,253	\$2,373,886	100.0%
	TOTAL MISSION RESOURCE ESTIMATES.....	502.8		\$9,919,699	\$2,919,301	\$12,839,000		577.4		\$11,905,308	\$4,730,692	\$16,636,000	

**MAINTAINING COMPETITION
NARRATIVE MISSION SUMMARY**

The Commission currently is focusing most of its energies in the competition area on the sorts of abuses most likely to contribute to higher consumer prices. That emphasis will continue through fiscal 1976 with special attention being paid to the energy, food and health care sectors where consumer concern is highest. Intensive enforcement activities in these and other industries will require additional funds. The Commission recognizes that antitrust is only one of many weapons available to combat inflation, but it believes that the anti-inflationary effects of its increased activities will more than offset the costs of its efforts.

Fiscal 1976 will be characterized by large manpower-consuming trials and broad investigations of competitive conditions in the energy, food, and health care industries. In addition, the use of investigational hearings as a primary investigative tool, begun in 1975, will be further expanded in fiscal 1976.

The Commission's antitrust workload now reflects the adoption of a programmatic approach and coordinated effort by the Bureaus of Competition and Economics coupled with careful screening, evaluation, and selection of cases and improved attorney assignment and scheduling procedures. Increased use of the Commission's Regional Offices will strengthen enforcement against traditional antitrust violations in more localized situations. Accordingly, the Commission's request for Maintaining Competition in fiscal 1976 includes additional resources for the Commission's Bureau of Economics, as well as those for the Bureau of Competition.

At the beginning of fiscal 1975, approximately 60 percent of the Bureau of Competition's attorney staff was directly involved in some 40 litigated cases. The largest of these is the Exxon, et al., case that consumes about 14 percent of the total resources directed to the Maintaining Competition mission, and about 8 percent of the Bureau of Competition's professional staff. Other litigated matters, including the "breakfast cereal" and a number of pending merger cases, involve substantial resource commitments.

The Commission's ability to continue prosecution of its existing antitrust workload, while at the same time undertaking new initiatives, depends to a large degree on the availability of sufficient resources. The increases requested are necessary to continue the enforcement actions underway and undertake new initiatives at the same time.

The remainder of this mission statement describes in general terms the Commission's principal efforts in Maintaining Competition, and highlights the need for increased support in major program areas. It supplements the individual Program Summaries that follow and explains in greater detail the objectives and costs of each program.

Energy Efforts

The Energy Program has been one of the dominant themes in the Commission's antitrust activity in fiscal 1974 and fiscal 1975. Taken together, the energy industries constitute one of the most important and pervasive segments of the economy, both to consumers and to businesses that depend on energy sources. To the extent that unsatisfactory competitive conditions in these industries exist, they could have substantial inflationary impact on both direct users of energy products and indirectly on the price of virtually all goods and services.

The Commission's overall energy program has two facets: 1) a very heavy commitment to antitrust enforcement and an obligation to make a comprehensive examination of the structure, conduct and performance of these industries, and 2) to assess the impact of government programs on them. This work is one of the prime examples of the Commission's use of interdisciplinary teams composed of lawyers and economists. It is a joint effort by the Bureaus of Competition and Economics, and represents a major portion of the work effort of these units. In fiscal 1975, this program will receive about 15 percent of the Bureau of Competition's professional manpower.

For fiscal 1975 and 1976, the Maintenance of Competition energy-related efforts in this mission involve two distinct, but interrelated programs:

1. Petroleum Industry Litigation Program, which embraces the Exxon, et al. case. This case may be the largest, most complex litigation ever undertaken by the Commission. It involves large numbers of staff attorneys and economists. It charges monopolization and conspiracy to monopolize against eight of the primary refiners of petroleum products. Support for this effort includes development of a computer-based litigation support system.
2. The Energy Study Program, which has been mandated by the Congress with the objective of producing a report, or series of reports, providing definitive information as to competitive conditions across the energy industries including reporting of natural gas reserves, inter-fuel joint ventures, and possible violations of existing laws prohibiting certain interlocks among corporate directorates. The study requires application of sophisticated economic analysis and the processing of vast amounts of heretofore unavailable economic data. In fiscal 1976, the study phase of this effort is expected to be virtually completed, and the Commission may be examining a number of possible major enforcement efforts in the energy area. Initial enforcement activities have already begun with the negotiation and acceptance of six consent orders involving interlocking directorates among petroleum-related firms.

Food Industries Programs

The Commission's efforts in the food industries involve a broad, thorough study and enforcement analysis of all segments of those industries with the objective of utilizing antitrust remedies in the most effective manner to ensure maximization of competition in this highly inflation-sensitive and price-volatile area of the economy. The overall food industries effort is composed of five programs designed to reflect the major segments of the overall food economy. They are:

1. Grower-Producer Program with primary efforts directed toward possible anticompetitive behavior and performance at the producer level. Specifically, the Commission is examining the Capper-Volstead exemption to the antitrust law and expects to make a report on conditions and competitive concerns in this area to the Congress. Specific enforcement investigations are also underway involving charges of price fixing in agricultural products.
2. Manufacturer-Processor Program examining the possible existence of anticompetitive practices and the effects of economic power in those areas of the food economy involving the manufacturing or transformation of agricultural products. Among the specific activities are the "breakfast cereal" case (Kellogg, et al.), and continuing investigations in several other segments. These matters, together with an ongoing surveillance of mergers in the dairy and grocery product manufacturing areas, constitute the largest segment of all the food programs. This program also covers the Commission's investigations into the existence, nature, and effect of backward integration of food processors into raw agricultural production. If the Commission believes Congressional action is necessary to strengthen the operation of free market forces in this area, recommendations to the Congress for remedial legislation will be made.
3. Distribution and Marketing Program involves application of the antitrust laws to distribution problems throughout the wholesaling and distributing functions, including discriminatory practices and vertical restraints generally. This program is aimed at practices in the wholesale distribution area that may be limiting competitive opportunities of rival buyers or sellers.
4. Retailing Program is based on the Commission's survey of retail food pricing practices and competitive conditions in food retailing. It also includes an examination of delivered pricing systems in the food industry to determine whether the methods are unfair to the purchasers and ultimately to the consumers.

5. **Food Commodities Program** involves an examination of the antitrust principles and remedies to domestic and international activities and competitive conditions in food commodities, an area not previously explored by the FTC.

Both the retailing and commodities areas represent major fact gathering and analysis efforts that may result in either specific enforcement actions, extensive reports, or both. The entire food area requires substantial resource increases in fiscal 1976 if each of the specific food program objectives is to be achieved.

Health Care

The **Health Care Program** constitutes an effort of the Commission to apply broad antitrust remedies to competitive problems contributing to the increasing cost of medical care. A number of investigations in the areas of drugs, medical laboratories and hospital supplies are underway and may develop into major law enforcement efforts. In addition, they may produce recommendations to the Congress for dealing with any specific competitive problems in these industries not currently correctable through antitrust remedies. The health care area will receive additional resources in fiscal 1976 as specific investigations mature and new opportunities for application of existing antitrust laws are developed.

Industry-Wide Enforcement

This segment of the Commission's antitrust effort is a program that seeks to develop on an industry-by-industry basis the most effective use of antitrust remedies to deal with economic problems through evaluation of those individual industry areas selected for further investigation or remedial action.

Individual enforcement efforts may ultimately involve a range of antitrust violations, including monopolization, attempts to monopolize, merger violations, and practice or conduct violations. The determination as to specific grounds for complaint action and selection of an appropriate remedy in each case depends on such variables as the current competitive conditions in the industry, the number of firms involved, and the specific alleged practices. Therefore, the nexus of the investigations and cases grouped into the industry-wide program is the Commission's effort to utilize its statutory authority, and its varied array of antitrust remedies to deal programmatically with the competitive problems in various segments of the economy.

In fiscal 1976, substantially increased resources will be required in the industry-wide area to ensure effective impact on major industries requiring antitrust attention.

Each investigation in the industry-wide category is the result of extensive evaluation by the economic and legal staffs as an area requiring antitrust attention. In each instance, the evaluation consists of both a preliminary economic analysis of the industry and examination of conduct factors. Each investigation and case in the industry-wide area that survives this analysis constitutes a major undertaking for the Commission because of the broad nature of the violations that are likely to be involved and the scope of remedies that may be appropriate.

Mergers and Joint Ventures

This programmatic area covers general enforcement of the merger law, including a heavy workload of litigation and investigations of contemporary mergers. The Commission expects to maintain resource commitments in this area through fiscal 1976 at existing levels.

Horizontal Restraints

This program presently covers continuing efforts with respect to basing-point pricing in the plywood industry and shopping center leasing restrictions, among others. In addition, during fiscal 1975, the Commission is developing new investigations involving government procurement practices and additional initiatives in the delivered pricing area. The opportunity to develop comprehensive analyses of these areas presents the possibility of either individual case enforcement or reports and recommendations to Congress as to more effective methods of dealing with competitive problems.

Finally, in late fiscal 1975 and continuing throughout fiscal 1976, the Commission intends to develop a program for identifying and dealing with problems of collusion among horizontal competitors. Regional Office resources will be utilized extensively in these efforts with headquarters development and coordination.

Vertical Restraints

The Commission intends to continue its enforcement efforts in dealing with problems of vertical and distributional restraints in fiscal 1976. Developing expertise and capability in the Regional Offices will be used to complement headquarters policy and planning work to ensure continued effective enforcement in this area.

Compliance

An increase in the compliance staff is needed in fiscal 1976. In addition to the traditional resource commitments required in obtaining divestiture and compliance with specific actions required by Commission orders, the compliance program is called upon increasingly to administer orders in cases completing litigation and necessitating specific enforcement. This burden will continue to increase as final determinations are reached requiring extensive compliance follow-up, in such cases as the Kennecott-Peabody Coal divestiture, and others that will be completed by and during fiscal 1976.

In addition, the Commission plans to use increased compliance resources requested for fiscal 1976 to develop a more effective system of auditing compliance with prior orders. In its efforts to strengthen compliance with its decisions and orders, the Commission will initiate more formalized in-depth audits of selected outstanding orders against companies to assure specific compliance, as well as institution of more spot-checks for apparent compliance to increase Commission presence. Taken together, these activities are designed to strengthen the Commission's evaluation of its compliance effectiveness in the Maintaining Competition mission.

PROGRAM SUMMARY

Program Name: Petroleum Industry Litigation
 Program No.: (Exxon, et al.)

Date Prepared: 4-15-75

Description of Problem Area The Exxon proceeding is the single largest antitrust enforcement activity in the history of the agency. It involves eight major petroleum refining companies, against which the Commission issued a complaint in July 1973, saying "it had reason to believe" that the companies are monopolizing domestic petroleum refining and maintaining non-competitive market conditions in petroleum refining in the Eastern, Gulf Coast, and part of the Mid-Continent areas of the country, in violation of Section 5 of the Federal Trade Commission Act. The case is now in hearings before an FTC Administrative Law Judge.

Manpower commitments to this case include extensive para-professional and economic support to process the vast number of documents and the data that are being collected in the early stages of discovery for trial preparation. Non-personnel expenses will be exceptionally high and include development and utilization of a computerized document indexing and data analysis system. The document indexing system became operational in fiscal 1975 and will be capable of processing the millions of document pages that are expected to accumulate in the Exxon case. Thereafter, the system will require continued support at a high level of funding as the Exxon case develops.

Program Objectives

The Exxon case seeks (in the event that a violation is established) the restoration of competitive conditions in the petroleum industry, and particularly at the refining level, in the relevant market areas. The remedies sought are not specified in the complaint, but the staff has indicated its intention to seek relief that could include divestiture of refining and pipeline capacity, or remedies designed to curb particular anticompetitive activities, as appropriate.

Trial preparation will consume all available resources in fiscal 1975 and 1976.

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Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears	Dollars						
FY '75	20.7	17.2	9.6	47.5	896,113	48,068	858,000	34,073	940,141	1,836,254	
FY '76	24.0	21.0	12.0	57.0	1,081,132	90,140	1,129,370	127,881	1,347,391	2,428,523	

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Energy Study and

Enforcement Followup

Program No: AB

Date Prepared: 4-15-75

Description of Problem Area The Energy Study has been mandated by Congress (Conference Report H.R. 93-520; See Cong. Record, p. H8161 (Sent. 23, 1973)). It covers competitive conditions and activities across the entire spectrum of the energy field.

The study requires a thorough economic analysis of the structure, conduct, and performance of the several discrete, but interrelated, energy industries, and of the consequences of public policy in these industries. Accordingly, the study effort is focused primarily upon competition in the four most widely used fuels in this country: coal, petroleum, natural gas, and nuclear fuel. It also focuses on corporate organization and the existence of corporate interlocks in the energy industries. Final report publication is targeted for fiscal 1976. The Commission expects the study phase of this energy work to be drawing to a close during fiscal 1976. At the same time, the expertise accumulated in the course of the study will be turned to development of possible antitrust enforcement activities; in, for example, additional areas of the petroleum industry, reporting of natural gas reserves, and inter-fuel joint ventures.

Program Objectives

The Commission's major effort in this area in fiscal 1975 is being directed toward development, preparation, and publication of the report required by Congress. Present plans call for publishing parts of the report in periodic segments. Each separate part may contain recommendations for action.

The Energy Study effort also affords the opportunity to accumulate and develop extensive and valuable staff expertise in the energy industries. As the study report nears completion, the focus of Commission effort, taking advantage of this expertise, will gradually shift toward possible specific antitrust enforcement activity. Appropriate staff recommendations for complaints will be made to the Commission as facts are developed that indicate violations. To date, as a direct result of the Energy Study efforts, the Commission has accepted consent orders in cases involving director interlocks in the energy industries.

The common objectives of these enforcement initiatives will be to improve market performance and conditions of entry and survival while strengthening the forces of competition throughout the energy industries. These enforcement initiatives will also have as their objectives, where appropriate, the cessation of specific anti-competitive acts that may be discovered in the course of the study, e.g., action concerning the reporting of reserves of natural gas. Merger and joint venture activity would have as its objective the prevention of unwarranted concentration in particular energy segments or illegal domination of interfuel areas.

FPC-14

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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	25.3	6.5	8.8	40.6	826,474	50,677	14,000	39,027	112,704	
FY '76	23.9	1.3	18.4	43.6	896,532	89,844	28,970	91,565	219,379	
									1,106,911	

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Program Name Food Program: Grower-Producer

Program No. BA

Date Prepared: 4-15-75

Description of Problem Area

This program covers application of antitrust principles and remedies to the food grower-producer area. While agricultural production remains largely fragmented, the Commission is examining certain aspects of this area for anticompetitive behavior and performance. One major focus is on cooperatives. Through the Capper-Volstead exemption, agricultural producers are permitted to engage in joint marketing arrangements. If such joint activities go beyond the permissible limits of the Capper-Volstead exemption, these actions may be tantamount to illegal manipulation. Such abuse could have the effect of raising prices to the ultimate consumer. One matter, involving an agricultural cooperative, has resulted in a complaint alleging unlawful price control in the marketing of lettuce. The effects of marketing orders under the Agriculture Marketing Agreement Act of 1937, by which volume limitations may be placed on certain commodities, will also be examined.

Program Objectives

The objectives of the grower-producer program are to eliminate anticompetitive abuses at the food grower level which are not protected by statutory exemptions, and to examine exempted activity to determine if recommendations for legislative or regulatory change are warranted. The primary thrust is to develop expertise which will be of value in subsequent litigation, and in analysis of the economic consequences of the exemption for incorporation in any resulting report to Congress. A further objective is to more clearly define the boundaries of the Capper-Volstead exemption. Additionally, recommendations to the Commission will be made to prosecute any anti-competitive practices that are uncovered in those areas where the Commission's jurisdiction is not limited by statutory exemptions.

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FTC-15

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	3.9	-	1.1	5.0	111,435	1,437	-	6,353	7,790	119,225
FY '76	8.4	.1	2.5	12.0	262,527	2,410	770	10,291	14,171	276,698

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics, and Regional Operations. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Food Program:

Program Name: Manufacturer-Processor

Program No: BC

Date Prepared: 4-15-75

Description of Problem Area This program covers applications of antitrust principles and remedies to the manufacturing or processing of food. It embraces those firms that purchase or acquire a raw agricultural product and transform it into a finished food product. Activity areas include specific industry matters that are either in litigation (the "breakfast cereal" case and a recent complaint involving the baking industry) or are maturing major investigations. These cases are concerned with the relationship of specific industry practices to economic performance and with competitive conditions in the industries involved. This program consequently is a heavy user of economic expertise.

Another activity area covers the significance of concentration and backward integration by food processors into the grower-producer level either by acquisition or by supply contracts with growers and producers. On-going enforcement of the Commission Policy Statements With Respect to Product Extension Mergers in Grocery Products Manufacturing and with Respect to Mergers in the Dairy Industry are also included. A complaint involving an acquisition in the food processing industry was recently issued.

Program Objectives

The food processing and manufacturing segment of the economy is among the most important to consumers. Total value of shipments exceeds \$113 billion annually. Concentration in particular areas appears to be high and growing; barriers to entry resulting from product differentiation and vertical integration may also be significant. Opportunities for smaller processors and manufacturers may be limited and the control exerted, as a result of cumulative market power over the distributional process, may be inhibiting competition that should have the salutary effect of affording greater consumer choice and lower prices at the retail level. The primary objective in this program area, therefore, is to improve market performance and entry conditions in specific industry areas at the manufacturer-processor level by employing the Commission's available antitrust remedies on an "industry-wide" basis. Merger law enforcement activities directed at this level of food economy have the concomitant objective of preventing further undue concentration in particular food areas from occurring via the merger route. Beyond this, an important objective is to strengthen staff expertise as to the competitive nature of industry performance, backward integration and control of the distributive process -- such as contracts or other arrangements with producers, canners and others in the food production and distribution chain -- to achieve a programmatic approach to application of antitrust and analysis of the varicus food industries involved. A general report or specific enforcement initiatives may also result from this work.

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FEB-76

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	26.8	2.7	12.9	42.4	892,243	46,418	2,500	23,433	72,351	964,594
FY '76	30.0	2.7	17.0	49.7	1,048,152	68,528	23,569	41,284	133,381	1,181,533

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Food Program: Distributing and
 Program Name: Marketing (except Retailing) Program No: BD

Date Prepared: 4-15-75

Description of Problem Area

This program covers application of antitrust laws to specific practices in the food distribution process, including discriminatory practices and vertical restraints. It does not include retailing as such, nor does it include activity areas in food that are more properly classified under the Manufacturer-Processor Program (BC) as having to do with industry-wide approaches to matters of market performance or problems arising from competitive conditions generally in particular food industry segments.

Program Objectives

The primary objective of this program is to identify any anticompetitive behavior involved which may be a manifestation of market power on the part of buyers or sellers, or which may prevent otherwise viable entities in the distributional process from obtaining a fair opportunity to compete in the purchase or sale of products. Emphasis here is on the long-range effect that prevention of such opportunities will have and assuring that competitive prices, quality, and variety are available to the ultimate consumer. Specific litigation from the investigation being conducted in fiscal 1975 would be undertaken, as appropriate, in fiscal 1976.

The activity areas covered include a major investigation involving marketing arrangements for certain refrigerated products and shelf-space control in the food market dairy case; litigated matters concerning soft drink franchising; mergers involving institutional distribution of food items; and cases involving vertical restraints or discriminatory practices generally. Included in the latter category is existing litigation involving private label milk sales.

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FTC-17

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	7.0	3.2	3.7	14.0	312,563	24,370	300	13,476	26,145	335,709
FY '76	4.1	3.2	2.5	9.8	224,902	23,151	1,460	22,433	-7,053	271,905

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Program Name: Food Program: Retailing

Program No: BE

Date Prepared: 4-15-75

Description of Problem Area : This program deals with competitive problems in food retailing. It has two aspects. One of these is continued surveillance under the Commission's Policy Statement with Respect to Mergers in the Food Distribution Industries, (i.e., chain grocery store mergers). The second, and dominant, aspect is a major survey of retail food pricing announced in July 1974. This survey is examining competitive conditions, concentration and pricing in six selected markets. The markets initially targeted for investigation have been chosen because they exhibit characteristics which appear to reflect a fair cross section of concentration, profitability, and the presence or absence of discounting in retail food marketing. Should it be determined that a relationship exists between concentration levels and prices, the investigation will be expanded to include several additional markets. The investigation will also include examination of delivered pricing systems in the food industry to determine whether delivered pricing is unfair to customers or to ultimate consumers.

Program Objectives

The objective of work in the chain grocery merger area is continued enforcement of the Policy Statement, which appears to have been largely successful in preventing further market concentration in local markets via the merger route.

The purpose of the retail pricing survey is to determine: (1) whether more highly concentrated markets have a higher probability of anticompetitive or collusive pricing; (2) whether moderately sized "discount" food chains constitute a market influence tending toward reduction in retail food price levels through elimination of marketing inefficiencies and lower gross profit margins in retail grocery store operations; and (3) whether the structure of local markets and changes in structure may militate against "discounting" activities. The results of this effort will be available for use either in preparing an appropriate report, or for subsequent investigation and litigation involving any specific anticompetitive practices or conditions that may be uncovered. Potential improvements in retailing market performance that could result from ensuing recommendations may provide important benefits to the American consumer.

FRC-18

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	5.9	.9	2.7	9.5	198,948	8,673	20,300	7,780	36,753	235,701
FY '76	12.1	1.0	5.5	18.6	397,589	11,579	969	12,190	24,738	422,327

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Food Program:
Program Name: Food Commodities

Program No: BF

Date Prepared: 4-15-75

Description of Problem Area

This program involves the application of antitrust principles and remedies to domestic and international activities in food commodities. Certain food commodities--particularly staple agricultural products--are involved in a world commodity trading market. While, formerly, surpluses generally assured domestic supplies, as much as two-thirds of domestically produced grains now enter the world market, and surpluses no longer prevail. Much of this international commerce appears to be influenced by a relatively small number of companies that also dominate the domestic transportation, storage, and distribution of these products. In addition, there have been reports of international joint ventures and processing arrangements abroad with respect to particular commodities. These factors, while not in themselves establishing antitrust violations, suggest the need for antitrust investigation.

Program Objectives

The initial objectives in the food commodities program are to develop expertise in the various commodity areas. The subjects to be covered include economic and legal analysis of competitive conditions in these industries, both domestically and abroad; the possible existence of monopoly or attempts to monopolize; the possibility that mergers and joint ventures may be having adverse competitive consequences; the existence and significance of control over sources of supply, transportation and storage; and possible international and domestic manipulation of prices.

The first phase of this effort requires extensive fact gathering concerning the industries, markets and activities involved, and detailed economic and legal analysis of the facts and data obtained. This should be largely completed in fiscal 1975. It includes specific investigation of the activities of major exporters. Thereafter, specific staff recommendations may be made concerning those areas that may be amenable to specific antitrust enforcement and concerning the advisability of reports and recommendations to Congress.

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FTC-19

Resource Requirements	Personnel			Operating Expenses				PROGRAM TOTAL (\$)		
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts			
				Manyears	Dollars					
FY '75	6.7	.3	3.0	10.0	209,250	9,014	300	4,213	13,527	222,777
FY '76	10.7	.3	5.6	16.6	354,175	12,991	1,660	8,527	23,167	377,362

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Program Name: Health Care Program

Program No.: CA

Date Prepared: 4-15-75

Description of Problem Area

The Health Care Program concerns application of a broad range of antitrust principles to competitive problems that may be contributing to high costs of medical care. Health care is a major component of the nation's current inflationary spiral. The medical care industry as a whole constitutes the fastest-growing area of consumer expenditure in the United States. Until recently, hospital purchasing practices and health costs have not appeared to be conducive to intensive price competition, and doctors prescribing for patients would rarely consider cost as a factor in their determinations. Recent events, however, including proposals for national health care, have increased attention on rising health care prices. Proper corrective measures could improve competitive conditions with substantial consumer benefits. The Commission's present investigations cover such matters as (1) extension of patent monopolies through patent proliferation and other devices, (2) acquisitions of medical laboratories, and (3) monopolization and distributional control in the hospital supply area.

Program Objective: The broad objectives of the Health Care Program are to identify anticompetitive practices, and, where appropriate, to eliminate them, and improve market performance and conditions of entry so that consumers can obtain a variety of medical services at the lowest possible prices. Where feasible and appropriate, possible legislative remedies will be identified. The program covers three segments of this broad industry: (1) drugs, (2) medical laboratories, and (3) hospital supplies. The objectives of the drug component are to direct antitrust efforts toward improvement of competitive conditions in the prescription drug area in which retail level sales exceed \$6 billion annually.

Laboratory services constitute an increasingly important part of the patient's health care costs. There are approximately 6,000 independent laboratories in the United States with a sales volume in excess of \$2 billion. It appears that there is significant merger activity among medical laboratories that may tend to increase concentration and limit price and service competition, with the possibility of significant resulting price increases for laboratory services. The medical supply portion of the program involves vertical price control and customer restrictions by medical supply companies. Another area of concern is the high rate of acquisitions and mergers in this industry, which may result in a tendency toward monopoly or a substantial lessening of competition in various medical supply product lines, or the use of leverage with purchasers to increase the distribution of the products of a few suppliers.

Investigations in fiscal 1975 may lead to staff recommendations for Commission complaint action. If the Commission has reason to believe that the laws have been violated, it will issue complaints. Such cases would be in litigation in fiscal 1976. In addition, the investigations may produce recommendations to the Congress for dealing with any specific problems in these areas not currently correctable through antitrust remedies.

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FRC-20

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
FY '75	.7	.3	4.3	14.3 Manyears	298,493 Dollars	7,909	-	6,035	14,544	318,037
FY '76	10.5	.2	4.7	15.4	333,342	14,955	10,369	11,450	37,414	370,705

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above.

PROGRAM SUMMARY

Program Name: Industry-wide Matters

Program No: DA

Date Prepared: 4-15-75

Description of Problem Area

The "industry-wide" program category covers all areas (other than those that are part of the Energy, Food or Health Care Programs) that involve broad investigations to determine what FTC Act Section 5 remedies, focusing on economic conditions and performance in each particular industry, might be appropriate to solve competitive problems. This program category is consequently a heavy user of economic expertise.

Program Objectives

The primary objective of each case or activity area to be selected within the industry-wide program category is to improve market performance and conditions of entry by devising appropriate antitrust remedies. The benefits expected to flow from this are lower prices to the consumer and increased quality alternatives that are the end result of effective competition in a free enterprise economy. Each case or investigation in the industry-wide category has emerged from extensive analysis by the economic and legal staff through a formal evaluation procedure as an area of the industrial economy requiring antitrust attention. The evaluation in each instance consists of both a preliminary economic analysis of the industry and examination of conduct factors. Case selection is made with the recognition that the heavy demands of each individual matter require a concentration of available resources in a limited number of industries. Complaint recommendations are possible in several areas presently under intensive investigation.

Specific investigations presently underway during fiscal 1975 in the industry-wide program category include matters as to which litigation is already underway or as to which industry-wide investigations have been authorized and announced. Pending litigation against Xerox Corp. has been withdrawn from adjudication for possible settlement. Auto crash parts, title insurance, and car rental, are industry areas where enforcement investigations are being conducted. Additional specific industry targets have been selected for fiscal 1975-76 consistent with the availability of resources for this litigation-intensive enforcement work.

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FTC-21

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	28.7	7.2	12.9	48.8	965,840	55,029	14,000	31,017	102,666	1,061,466
FY '76	36.6	2.1	18.0	56.7	1,105,913	106,457	18,558	56,306	181,511	1,387,854

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above. Allocation of Regional Office participation is also included in totals for this program.

PROGRAM SUMMARY

Program Name: Mergers and Joint Ventures

Program No: DB

Date Prepared: 4-15-75

Description of Problem Area

This program covers general merger law enforcement other than with respect to the specific program areas of energy, food and health care. The activities here involve specific resource commitments to existing litigation (12 matters in litigation as of the beginning of fiscal 1975) and investigations, and to expected new work that will result from screening the contemporary merger universe. Activities also include the Commission's Premerger Notification and other merger reporting programs. The Commission expects that a relatively constant level of resources will be required to maintain its general merger enforcement program in fiscal 1976. This is due in part to improved merger case selection techniques that have eliminated the backlog of unresolved investigations and unproductive investigative work, and recognizes that the level of mergers continues to decline.

Program Objectives

The broad objectives of the Commission's merger law enforcement program are to prevent increases in concentration and the prevention of competitive conditions or threats to competition that might be occasioned by mergers. The Commission's enforcement effort constitutes a highly effective deterrent to unlawful mergers. Merger investigations are selected and analyzed, as an activity under this program, on a continuing basis to maximize and maintain this effort through joint procedures of the Commission's Bureaus of Economics and Competition. Cases are selected for their economic significance on the basis of likely public and competitive benefits. The area is litigation-intensive because of the continued need to determine the unique facts relevant to each merger and its legality. The area also has traditionally employed, and will continue to employ, substantial economic expertise.

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	36.4	6.8	18.1	61.3	1,273,485	65,064	-	64,224	129,238	1,402,773
FY '76	36.0	7.1	17.4	60.5	1,295,788	96,299	11,064	117,257	224,625	1,520,413

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above. Allocation of Regional Office participation is also included in totals for this program.

PROGRAM SUMMARY

Program Name: Horizontal Restraints

Program No: DC

Date Prepared: 4-15-75

Description of Problem Area

The program area of horizontal restraints concerns those aspects of antitrust enforcement directed toward prevention of agreements or relationships among competitors that result in artificial restraints on competition. The program covers matters involving horizontal restraints that are not a part of the Food or Energy Programs, or industry-wide enforcement areas.

Program Objectives The primary objectives of antitrust enforcement activity in the horizontal restraint area are to stop anticompetitive acts and maintain general enforcement credibility by selective use of the Commission's resources in investigating and litigating matters involving traditional horizontal restraints. The specific benefits in this area depend on the particular matters involved. In some cases, direct reductions in prices and immediate increases in competition can be identified from successful prosecution; in other cases the benefits may be more subtle but longer term. Unquantifiable, but far reaching benefits in terms of deterrence, can be achieved by continued, planned resource commitment in this area whereby enforcement credibility is maintained.

Matters involving basing-point pricing in the plywood industry and restrictive provisions in shopping center leases are in litigation during fiscal 1975. The programmatic efforts to develop the additional areas of delivered pricing, collusive activities and government procurement may result in specific enforcement initiatives and will also result in cumulative expertise enabling legislative recommendations or reports on these subjects.

While hard-core horizontal restraints, such as price fixing, may be referred to the Department of Justice for criminal prosecution, the Commission intends to undertake a more aggressive affirmative effort to search out horizontal collusion in crucial areas of the economy. This effort will involve a closely coordinated campaign utilizing Regional Office capability to determine the existence and significance of such collusion wherever it may be found. Similarly, the Commission is undertaking new programs in the government procurement area by investigating anticompetitive activity among suppliers that may not be permissible under applicable government regulation. Regional Office resources will be utilized where they can be effective. Finally, an intensive examination of the circumstances and effects of delivered-pricing systems will be undertaken.

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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	23.5	6.1	12.3	41.9	855,850	29,927	-	11,383	41,310	897,160
FY '76	37.9	6.2	16.3	60.4	1,288,766	55,067	869	30,442	86,378	1,375,144

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above. Allocation of Regional Office participation is also included in totals for this program.

PROGRAM SUMMARY

Vertical and
Program Name: Distributional Restraints Program No: DD

Date Prepared: 4-15-75

Description of Problem Area This program area covers investigations and cases involving vertical restraints and distributional problems which are not programmatically included in other specific areas. In fiscal 1974, this area included heavy resource commitments to problems of brokerage, franchising, and pyramid selling. The work on these matters has been substantially completed or reduced. Cases currently in litigation in this area concern distributional restraints in the hearing aid industry, vertical price fixing (including abuse of fair trade exemptions) and coercion of gasoline dealers.

Other matters involving vertical and distributional restraints, including apposite violations of the Robinson-Patman Act, are classified as segments of the food program or as portions of industry-wide investigations. Often distributional practices appear as manifestations of disproportionate market power at the buyer or seller level rather than merely the result of aggressive competition. As such they may provide a grounding for industry-wide inquiries.

Program Objectives

The objectives of enforcement activity in this area are to stop anticompetitive acts and maintain enforcement presence. In addition, vertical restraints often affect small businessmen at the end of the distributional chain, and enforcement activity in this area is intended to protect independent or small businesses and deter similar anticompetitive behavior.

The Bureau of Competition coordinates with the Regional Offices substantial amounts of enforcement work in the vertical and distributional restraints area. This includes a continuing commitment in Robinson-Patman Act enforcement in many of the Regional Offices, as well as vertical price fixing, geographic and customer restrictions, and similar areas.

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FTC-24

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	23.1	11.7	14.9	49.7	975,674	51,161	-	20,136	71,297	1,046,971
FY '76	29.1	7.2	10.8	47.1	1,024,490	78,927	869	53,894	133,690	1,158,180

Additional comments:

Case selection, evaluation and staffing is a joint effort of the Bureaus of Competition and Economics. Joint resources of those Bureaus are reflected above. Allocation of Regional Office participation is also included in totals for this program.

PROGRAM SUMMARY

Program Name: Compliance (Competition)Program No.: EADate Prepared: 4-15-75

Description of Problem Area The Compliance Division obtains and maintains compliance with final restraint of trade orders issued by the Commission. Activity areas include clearing requests for acquisitions under previous merger orders; revising pricing, distribution and promotional programs under orders issued under the Robinson-Patman Act; effecting divestiture under final orders issued under Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act; and obtaining compliance with a variety of orders prohibiting, for example, horizontal and vertical price fixing, dealer coercion and territorial restraints. A further major function of the Compliance Division involves the investigation, preparation and trial of civil penalty cases brought before the United States District Courts.

Fiscal 1976 plans call for an increase to support increased compliance activity resulting from new Commission orders and to undertake a much needed systematic audit of compliance with prior orders.

Program Objectives

The compliance program is an essential element in establishing and maintaining both the effectiveness of specific remedial measures, and credibility and respect for the Commission's enforcement program. Increasing burdens are placed on the Compliance staff by the substantial divestiture requirements of recent Commission orders, which include the Kennecott-Peabody Coal merger case. Some of these matters are extremely complex and may require economic analysis in addition to substantial legal enforcement work. This work is designed to create or restore competitive conditions in the industries affected.

The proposed initiation of a system for auditing compliance with former orders will enhance the deterrent effect both of those orders and of the Commission's enforcement efforts generally. It will also permit the Commission, by systematically selecting orders in particular industries or pertaining to particular types of violations, to make a closer evaluation of the effectiveness of its orders.

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FJC-25

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	16.9	1.5	10.7	29.1	578,783	33,747	-	10,396	44,143	622,926
FY '76	21.6	1.6	11.7	34.9	726,367	51,359	769	15,266	67,394	793,761

Additional comments:

Bureau of Economics support is reflected in the above totals.

PROGRAM SUMMARY

Management Support to
 Program Name: Maintaining Competition Program No: S01 Date Prepared: 4-15-75

Description of Problem Area Management Information

The Maintaining Competition Mission has over two hundred active complex antitrust matters in various stages of investigation and adjudication that must be monitored by participating managers for status and progress against resource expenditures and planned objectives. The Commission-wide management information system needs to be expanded and refined to provide and integrate information on:

- | | |
|---|----------------------------|
| (1) Case and project status | (5) Budget preparation |
| (2) Analysis of all current cases | (6) Program planning |
| (3) Resource planning and staff assignments | (7) Legal Research |
| (4) Budgetary control and analysis | (8) Administrative support |

Program Objectives

1. Provide periodic, timely information concerning the status of cases, projects, rules and guides by expanding the existing automated case resource allocation system.
2. Provide timely information on manpower utilization at the case/project/program level.
3. Provide ongoing computer support to the basic administrative functions which support this mission's work, including: personnel, payroll, budget, accounting, property and operational planning information.
4. Conduct a study to seek improvement in the legal and economic search procedures and techniques of the FTC legal staff.
5. Examining the mission's long range data processing requirements.

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FIC-26

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	-	2.2	1.5	3.7	58,461	-	57,148	6,602	63,750	122,211
FY '76	-	1.9	1.5	3.4	59,900	800	78,000	21,900	100,700	160,600

Additional comments:

CONSUMER PROTECTION MISSION
RESOURCE ESTIMATES SUMMARY

FTC-27

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Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man- Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars	Total Man- Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars
<u>Direct Mission Activities:</u> 1/													
I01	Advertising Monitoring and Substantiation.....	14.7	2.3%	\$273,803	\$96,117	\$369,920	2.4%	15.0	2.4%	\$288,584	\$117,670	\$406,254	2.5
I02	Food and Nutrition Advertising...	10.7	1.7	207,304	57,565	264,869	1.7	9.9	1.6	206,106	78,993	285,099	1.7
I03	OTC Drug Advertising.....	13.0	2.1	264,829	30,978	295,807	1.9	12.5	2.0	246,540	55,101	301,641	1.8
I05	Cosmetics Advertising.....	4.9	.8	94,769	2,347	97,116	.6	2.2	.4	44,810	5,218	50,128	.3
I06	Cigarette Advertising/Labeling...	7.8	1.2	111,975	12,882	124,857	.8	6.7	1.1	101,669	32,477	134,146	.8
I07	Product Safety Advertising.....	7.0	1.1	123,034	13,276	136,310	.9	8.1	1.3	187,396	17,609	165,005	1.0
I11	Affirmative Disclosure of Material Product Information.....	30.3	4.8	577,344	48,001	625,345	4.1	28.3	4.6	555,212	110,871	666,083	4.1
I12	Funeral Industry.....	5.4	.9	97,636	10,983	108,599	.7	7.6	1.2	155,171	9,947	164,718	1.0
I13	Prescription Drugs.....	5.0	.8	84,586	1,995	86,581	.5	4.4	.7	81,000	11,257	92,257	.6
J01	Point of Sale Practices.....	12.6	2.0	253,681	12,412	266,093	1.7	10.8	1.7	206,870	19,887	226,757	1.4
J02	Vocational Schools.....	44.2	7.0	882,894	86,824	969,678	6.4	32.5	5.3	601,078	69,276	670,354	4.1
J04	Land Sales.....	37.0	5.9	734,960	62,232	797,192	5.2	50.9	8.2	959,388	134,258	1,093,646	6.6
J05	Direct Selling.....	11.1	1.6	220,416	16,313	236,789	1.5	10.2	1.6	207,458	28,294	235,752	1.4
J06	Warranties and Product Reliability.....	33.2	5.3	645,312	46,775	692,087	4.5	37.5	6.1	771,248	107,034	878,282	5.3
J07	Business Opportunities and Recession Advertising	20.6	3.3	407,964	7,747	415,711	2.7	21.6	3.5	451,493	21,651	473,144	2.9
J09	Occupational Licensure.....	16.0	2.5	323,364	6,190	329,554	2.2	32.1	5.2	553,558	26,752	580,310	3.5

1/ The direct mission activities reflect the total budgetary resources of the Bureau of Consumer Protection and substantial portions of the budgetary resources for FTC's Regional Operations.

CONSUMER PROTECTION MISSION
RESOURCE ESTIMATES SUMMARY

Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars	Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars
J11	Other Consumer Redress.....	3.5	.6%	\$75,748		\$75,748	.5%	14.5	2.3%	\$294,138	8,000	302,138	1.8%
K01	Children's Advertising.....	2.5	.4	48,229	3,235	51,464	.3	4.4	.7	87,036	23,395	110,431	.7
K03	Creditors' Remedies.....	8.2	1.3	152,505	13,280	165,785	1.0	7.2	1.2	136,867	11,614	148,481	.9
L01	Debt Collection.....	8.5	1.3	162,305	5,840	168,145	1.1	11.6	1.9	208,887	14,408	223,295	1.4
L02	Credit Billing.....	.9	.2	16,076	1,300	17,376	1.1	1.7	.3	31,884	3,500	35,384	.2
M01	Truth in Lending.....	27.8	4.6	539,071	29,952	569,023	3.7	21.9	3.5	495,026	33,452	528,478	3.2
M02	Fair Credit Reporting Act.....	13.9	2.2	278,825	12,315	291,160	1.9	7.8	1.3	153,046	16,905	169,953	1.0
M03	Packaging and Labeling.....	5.9	1.0	113,121	3,120	116,241	.8	2.3	.4	44,886	6,515	51,201	.3
M04	Textile, Wool and Fur Labeling.	18.5	2.9	345,217	6,214	351,431	2.3	18.5	3.0	335,208	19,507	354,715	2.2
M05	Hobby Protection Act.....	.2		5,079		5,079		.2		5,171		5,171	
N01	Enforcement of Other TRA's and Guides.....	17.3	2.7	308,338	9,556	317,894	2.1	17.3	2.8	354,300	28,990	383,290	2.3
N03	Compliance (Consumer Protection).....	39.6	6.3	848,646	12,339	860,985	5.7	36.4	5.9	819,602	25,504	845,106	5.1
P01	Regional Advertising.....	28.9	4.6	542,193	25,330	567,523	3.8	19.4	3.1	363,516	52,677	436,193	2.7
P02	Regional Marketing Practices...	6.5	1.0	128,069	6,680	134,749	.9	4.6	.7	93,335	10,994	104,529	.6
P10	Federal/State Relations (Regional).....	14.8	2.3	289,082	11,355	300,437	2.0	25.1	4.1	556,316	47,403	601,719	3.7
P11	Public Information and Education (Regional).....	22.2	3.5	434,547	17,046	451,593	3.0	24.9	4.0	389,402	39,098	428,500	2.6
P17	Idea Promotion Industry (Regional).....	8.0	1.3	156,835	3,733	160,568	1.1	5.1	.8	96,218	8,370	104,588	.6
P18	Ghetto Fraud (Regional).....	8.2	1.3	167,653	3,766	171,399	1.1	9.6	1.5	201,525	8,932	210,457	1.3
Other Direct Mission Resources ^{1/}		121.0	19.2	2,066,332	2,125,560	4,191,872	27.7	96.7	15.6	1,795,236	2,564,469	4,359,705	26.5
Allocations ^{2/}				314,617	314,617	2.1				638,070	638,070	3.9	
SUBTOTAL.....		629.9	100.0	11,981,702	3,117,775	15,099,477	100.0	619.5	100.0	12,057,182	4,407,798	16,464,980	100.0

^{1/} Includes space rental, equipment rental, supplies and equipment, as well as the administration and management of the Bureaus of Consumer Protection and the Regional Offices. These costs are not directly associated with individual programs.

^{2/} Includes telecommunications and postage not allotted to specific programs or bureaus.

CONSUMER PROTECTION MISSION (CONT'D)
RESOURCE ESTIMATES SUMMARY

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Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man- Years	Percent of Mission Support Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars	Total Man- Years	Percent of Mission Support Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars
<u>Mission Support Activities:</u>													
P04	Economic Support to Consumer Protection (Bureau of Economics).....	8.5	8.6%	\$170,600	\$9,300	\$179,900	8.9%	8.5	9.1%	\$188,100	\$21,500	\$209,600	9.3%
T01	Management Support to Consumer Protection.....	7.4	7.5	125,257	111,212	236,469	11.7	7.2	7.7	130,900	182,350	313,250	13.8
T02	Administrative Law Judges.....	8.2	8.3	222,601	24,608	247,209	12.3	8.2	8.8	223,273	31,885	255,158	11.3
T03	Office of the General Counsel.....	26.1	26.3	517,757	78,863	596,620	29.6	23.4	25.1	495,784	85,307	581,091	25.6
T04	Office of the Secretary.....	48.8	49.3	524,698	229,627	754,325	37.5	46.0	49.3	526,668	378,253	906,921	40.0
	SUBTOTAL.....	99.0	100.0%	1,560,913	453,610	2,014,523	100.0%	93.3	100.0%	1,566,725	699,295	2,266,020	100.0%
	TOTAL MISSION RESOURCE ESTIMATES.....	728.9		\$13,542,615	\$3,571,385	\$17,114,000		712.8		\$13,623,907	\$5,107,093	\$18,731,000	

**CONSUMER PROTECTION
NARRATIVE MISSION SUMMARY**

The Federal Trade Commission's Consumer Protection enforcement mission is to ensure fair play in the marketplace by eliminating practices that are deceptive or unfair, particularly those which inhibit or restrict the free exercise of informed consumer choice. Unfair and deceptive trade practices injure not only individual consumers and sellers, but also impair the ability of the free market to act as its own check on high prices.

Consumer protection fosters competition in the marketplace by stopping those who seek to misinform buyers and, where appropriate, requiring them to give corrective information; by assuring that material information is not unfairly withheld from individual purchase decision makers; by prohibiting the use of practices that are inconsistent with contemporary standards of commercial fairness; and by obtaining monetary redress in appropriate cases from offenders.

The Commission's fiscal 1976 budget request for its Consumer Protection mission envisions strengthened coordination between the Bureau of Consumer Protection and the Regional Offices in the selection, planning and coordination of programs, and, increasingly, the use of economic support for both overall planning and specific enforcement actions. This coordinated approach to consumer protection programs in which both headquarters and regional office resources are fully and appropriately utilized should produce more effective results nationwide. The Individual Program Summaries for fiscal 1976, therefore, reflect the commitments of both the Bureau of Consumer Protection and the Regional Offices.

Taken together, these developments enable the Commission to make more effective use of its existing consumer protection resources. Accordingly, no additional positions are being requested for the Consumer Protection mission in fiscal 1976. This reflects a Commission decision that the public interest can be well served through improved enforcement program selection, broad use of rule-making powers, and issuance of even stronger and more effective decisions and orders. Therefore, fiscal 1976 programs are designed to maximize the effectiveness of Commission action.

The fiscal 1976 Consumer Protection mission reflects three overriding Commission goals. They are to:

- Define the law of unfairness, principally through the promulgation of trade regulation rules, and to fully implement the consumer redress and civil penalties provisions of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act in treating law violations.
- Strengthen enforcement and compliance.
- Achieve cost-effective multiplier effects from Commission resource commitments.

The individual consumer protection enforcement programs were developed to attain these goals and focus Commission resources on consumer problems that arise from inflation and recession and the economic uncertainty accompanying them.

Developing the Law of Unfairness and Implementing the
Magnuson-Moss Warranty - Federal Trade Commission
Improvement Act

Throughout fiscal year 1976, the Commission will continue to develop the unfairness doctrine enunciated by the Supreme Court in the Sperry & Hutchinson opinion. These efforts will include both rulemaking activities and specific enforcement actions, with emphasis on rulemaking.

Prior to enactment of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, Commission efforts to prevent and remedy unfair or deceptive marketing practices concentrated on the development and use of equitable remedies such as restitution and rescission, going beyond the traditional cease and desist order. The new Act gives the Commission new tools for dealing with such practices. They include civil penalties for known violations as well as statutory powers enabling the Commission to seek consumer redress. The latter powers will be fully utilized in appropriate cases, and the deterrent value of the civil penalties provisions will be tested in a series of pilot projects.

Key enforcement programs continuing in fiscal 1976 that will involve consumer redress include programs dealing with vocational school and interstate land sales practices. To date, consent settlements in both of these areas have resulted in orders requiring the payment of millions of dollars (or kind) to individual consumers. In addition, consumer redress programs aimed at business opportunity schemes, including a Regional Office program to limit unfair or deceptive idea promotion schemes, will be emphasized in fiscal 1976 as a means of eliminating practices that generally accompany uncertain economic conditions.

Rulemaking proceedings on a broad proposed creditor remedies trade regulation rule are expected to be held in fiscal 1976. The investigation of funeral industry practices should be completed in early fiscal 1976 with possible legislative recommendations supplementing direct Federal Trade Commission enforcement. The trade regulation rule on vocational school pro rata refund rights should be completed for Commission review in fiscal 1976 and, if approved, will be published as a final rule.

Strengthening Enforcement and Compliance

To complement its programs aimed at developing new legal theories or remedies and achieving multiplier effects, the Commission will be instituting increased compliance and enforcement efforts in fiscal 1976. Among these are:

- Marketing Practices. Trade regulation rules already in force covering door-to-door sales, mail order selling, unavailability of advertised

"special" items, and others, will be enforced, by litigation where appropriate. Development of possible new trade regulation rules applicable to warranties pursuant to Title I of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act will require substantial resources in fiscal 1976. Rulemaking proceedings are also likely to occur in fiscal 1976 with respect to pesticide marketing, flammability of cellular plastics, mobile home marketing, franchising, and others, as approved and promulgated by the Commission.

- Advertising Enforcement. Advertising substantiation efforts will continue as the cutting edge of the Commission's advertising program. Where substantiation is inadequate, enforcement action will ensue. In addition, the Commission will be exploring several proposed advertising rules designed to ensure that individual purchasers can make better informed value comparisons. Comprehensive rulemaking efforts related to food and prescription drug advertising are slated for fiscal 1976. Rulemaking efforts concerned with affirmative disclosure of information about the energy usage of automobiles in advertising will also continue in fiscal 1976.
- Special Statute Enforcement. The Commission's enforcement compliance programs for the Truth in Lending Act, Fair Credit Reporting Act, Fair Packaging and Labeling Act, Wool and Fur Labeling Act, Textile Fiber Products Identification Act, and the Hobby Protection Act will maintain continued compliance with these information disclosure oriented statutes. In addition, the Commission will enforce the Equal Credit Opportunity Act, designed to make credit available with fairness, impartiality and without discrimination on the basis of sex or marital status. The Bureau of Consumer Protection will set the policies and coordinate the extensive Regional Office participation in these programs.
- Compliance with Commission Orders. The Commission will continue monitoring, and subsequently investigating, where there are indications of violation, all final orders of the Commission to ensure that the respondents are not presently engaged in prohibited practices.

Achieving Multiplier Efforts

The third major thrust of the fiscal 1976 Consumer Protection mission is on programs that have as one of their common characteristics a multiplier effect from the commitment of Commission resources to specific enforcement objectives. In these instances the Commission can increase the impact of its resource commitments to individual programs by establishing broad industry standards, e.g., the Commission's Furniture Guides; influencing practices at the manufacturing level; and serving as a catalyst for state and local liaison enforcement and consumer education activities. These efforts include:

- Undertaking rulemaking activities -- where appropriate, rulemaking can be a far-reaching and cost-effective enforcement tool, especially with the enactment of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act.
- Requiring affirmative disclosure of material facts to assist consumers in making improved personal purchasing decisions, particularly in matters regarding food, drugs, and complex products where consumer comparisons of operating performance are often difficult; including efforts to ensure that consumers receive material information specifying the energy consumption of major appliances.
- Prescribing rules relating to product warranties and service contracts as required by the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act. The Act also requires the Commission to prescribe rules setting forth minimum requirements for informal dispute settlement procedure incorporated in a written warranty. Violations of the Act or any rule prescribed pursuant to the Act will be vigorously pursued using appropriate enforcement techniques including injunctive relief as provided in the new Act.
- Providing assistance to state and local consumer protection agencies to strengthen their enforcement capabilities, and better equip those agencies that can deal with local fraud and unfair practices.
- Ensuring that the Commission's special statutes requiring broad industry standards of practice and disclosure are adhered to by industry leaders and marketplace performance standard setters.

These initiatives, taken together, are designed to provide a cost-effective effort to eliminate and prevent deceptive and unfair practices. In fiscal 1976, by stressing disclosure in trade regulation rules that are capable of summary enforcement proceedings and by utilizing the consumer redress and civil penalty provisions of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, the Commission should substantially multiply the effectiveness of its resource commitment to eliminating unfair and deceptive practices in the marketplace.

PROGRAM SUMMARY

Advertising Monitoring and
Program Name: Substantiation

Program No: 101

Date Prepared: 4-18-75

Description of Problem Area Advertising in the U.S. has grown to a record \$25 billion. Of this, nearly \$14 billion were spent in national advertising. The monitoring component of the program provides the vital function of reviewing on a continuing and intensified basis all national advertising activity. Ads are monitored by product category, by medium and by ad technique, and closely reviewed by attorneys on a bi-weekly schedule.

The ad substantiation component of the program is a major innovation in regulation of advertising. It reviews national advertising to ensure that ad claims are not being disseminated without adequate prior assurance that the claims made are truthful, fair, and not deceptive--or in the words of the Commission's Pfizer decision, "with a reasonable basis".

(Continued)
Under Additional Comments

Program Objectives

Maintain deterrence through continual advertisement monitoring, evaluation, and enforcement where needed. Continue the development of the "reasonable basis" standard through systematic issuance of 6(b) orders requiring substantiation materials for selected ads of target industries; evaluate those submissions; and initiate formal enforcement action against claims lacking adequate substantiation under the Pfizer doctrine. In all stages of this process, utilize where needed the advise of both marketing and technical experts.

Improve the utility of advertising as a source of consumer information, by deterring the dissemination of unsubstantiated claims. The program seeks to assure that ad claims are adequately substantiated for public as well as enforcement scrutiny, helping thereby to provide consumers with a more reliable basis on which to assess ad claims and make more informed interclaim and inter-product value judgments. Special attention will be given by regional offices to cases involving unsubstantiated weight reduction claims. A major part of the national effort is gasoline mileage claims.

Revise, promulgate and enforce previously proposed guides (published in Nov. 1972) concerning use of testimonials and endorsements. Provide increased guidance to honest businessmen, and simplify future Commission proceedings, by developing rules of decision relating to other ad techniques which cut across all product lines (e.g., use of preference polls and ambiguous comparisons).

Section 205 of the Magnuson-Moss Warranty-FTC Improvement Act will be used to help implement these objectives on a pilot project basis.

FPC-35
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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	7.1	3.1	4.5	14.7	273,803	7,617	74,500	14,000	96,117	369,920
FY '76	7.9	2.5	4.6	15.0	288,534	15,570	80,000	22,100	117,670	406,254

Additional comments:

(Description of Problem Area - Continued)

(Joint BCP and RO Program)

The ad techniques component of the program consists of the development of rules and guides dealing with certain common ad techniques, such as endorsements, references to preference polls, and use of comparatives, to ensure that those techniques are not misused and to simplify enforcement proceedings if they are.

Taken together, the three components of this program are designed to enable the Commission to prevent the dissemination of deceptive and unsubstantiated advertising on a cost effective basis.

Joint BCP and RO Program

PROGRAM SUMMARY

Program Name: Food and Nutrition Advertising

Program No: 102

Date Prepared: 4-16-75

Description of Problem Area

The basic conclusions and recommendations of a previous staff study of food advertising and nutrition indicated that consumers were not receiving information from food advertising which they need to make well-informed purchase decisions. The staff recommendations were also based, in part, on an analysis which suggested that when nutrition terms were used in advertising, they were used indiscriminately and without reference to the nutrient value of the advertised foods. The Food and Drug Administration's nutrient labeling program (21 C.F.R. Section 1.17—final effective date, January 1, 1975) is expected to increase the amount of nutrition information available to the public. However, food labels may not be able to carry the entire burden of providing consumers who wish to make choices with the information needed to make informed purchase decisions.

Program Objectives

Implementation of a proposed comprehensive Trade Regulation Rule (TRR) defining food advertisers' obligations under Sections 5 and 12 of the FTC Act. More specifically, the proposal should standardize commonly used nutrition terms to facilitate comparisons and prevent recurring deceptions, with minimal use of litigation, and possibly require certain affirmative nutrition disclosures in advertising to provide consumers with relevant and useful nutrition data essential to food purchases, sound dietary patterns, and general, economically feasible, nutritional health.

Institute appropriate enforcement actions where there is reason to believe violations of Sections 5 and 12 of the FTC Act have taken place.

Design, produce, and disseminate consumer education materials to complement the food advertising TRR.

40

FTC-36

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	5.5	0.8	3.4	10.7	207,304	21,865	27,200	8,500	264,669	
FY '76	6.0	0.9	3.0	9.9	206,106	23,503	5,400	50,000	285,909	

Additional comments:

PROGRAM SUMMARY

Program Name: OTC Drug Advertising

Program No: I03

Date Prepared: 4-16-75

Description of Problem Area

The over-the-counter (OTC) drug industry, with retail sales of over \$2 billion, and advertising expenditures of \$350-400 million includes many highly visible and intensive advertisers. A number of these products may be entirely ineffective, or ineffective for particular symptoms for which they are promoted. Other products, even though effective, may cause injury or undesirable side effects to some consumers who use them under the mistaken belief that they are unqualifiedly safe. Although the Food and Drug Administration (FDA) is presently engaged in a comprehensive series of rulemaking proceedings to conform label claims and warnings of OTC drugs to current medical knowledge, consumer beliefs about the safety and efficacy of some of these drugs, partially shaped by prior advertising claims, may persist despite the new labeling changes. Finally, even for those products that are found by FDA to be basically safe and effective for their intended use, marketers may be making comparative performance claims that are based either upon insignificant differences in product formulation or unproven claims of product superiority. Such claims coupled with extremely heavy advertising expenditures may have the effect of artificially raising prices and banning competitive entry.

Program Objectives

Eliminate allegedly false advertising claims for efficacy of certain OTC drugs by enforcement action coupled with strong remedies.

The current FDA review of OTC drugs is expected to result in major changes in the permissible claims that may be made for many OTC drugs. Where necessary and appropriate the staff will recommend that litigation be instituted to require advertisers to correct erroneous beliefs about drug efficacy attributable to prior advertising.

FDA determinations concerning the safety of each category of drugs will be reviewed to determine whether disclosures of side effects should be required in advertising, as well as labeling, to prevent serious physical and economic injury to consumers who purchase OTC drugs that they cannot safely use.

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FTC-37

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	8.0	2.3	2.7	13.0	264,829	8,978	12,000	10,000	30,976	295,207
FY '76	7.1	2.2	3.2	12.5	246,540	20,101	15,000	20,000	55,101	301,641

Additional comments:

PROGRAM SUMMARY

Program Name: Cosmetics Advertising

Program No: 105

Date Prepared: 4-16-75

Description of Problem Area

The cosmetics industry - including health and beauty aids - accounts for about \$6 billion in sales to consumers. Cosmetics are used increasingly by men and children, as well as women. Certain of the products (e.g., toothpaste, deodorants) are widely used for social acceptability and/or personal hygiene. While many cosmetic products are promoted through appeals to individual taste or fashion, some products are claimed to provide specific, objectively defined benefits to the user. To the extent that these products do not perform, as represented, consumer expenditures for these products, some of which are relatively expensive, may be wasted. Moreover, while safety is not a major issue with regard to many cosmetics, some products are not safe when used as directed, or cannot be safely used without elaborate precautions.

Program Objectives

Assure adequate substantiation of cosmetic efficacy claims by formal enforcement actions against major advertisers. It is believed that a limited number of enforcement actions in this area will have significant deterrent effect on competitors whose advertising has been modeled on that of market leaders. With regard to safety, prevent serious injury to consumers by requiring material fact disclosure in advertising. Individual enforcement as well as rulemaking may be indicated in this regard, based upon the results of current staff analyses.

Selected Regional Offices will concentrate on cosmetics advertising aimed at the Black population. Claims for such products such as skin lighteners or hair straighteners may not be able to be substantiated and may pose serious health hazards to consumers. All enforcement techniques available to the Commission will be considered in determining appropriate remedies.

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FTC-38

Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears	Dollars						
FY '75	3.0	0.3	1.6	4.9	\$11,763	2,347	-	-	2,347	97,116	
FY '76	1.5	-	0.7	2.2	44,810	5,318	-	-	5,318	50,128	

Additional comments:

PROGRAM SUMMARY

Program Name: Cigarette Advertising/Labeling Program No: 106

Date Prepared: 4-16-75

Description of Problem Area

The Commission is required by statute to monitor the advertising of cigarettes and report annually to Congress to ensure that the warning disclosure requirement on cigarette labels is consistent with the statutory requirement. In addition, the Commission has the regulatory responsibility to assess tar and nicotine content of all cigarettes through the operation of the tobacco testing laboratory and issuance of semi-annual reports on tar and nicotine content.

Program Objectives

The Public Health Cigarette Smoking Act requires that the Commission inform Congress of developments in the marketing and advertising of cigarettes by submission of an annual report.

The objective of the statute and program is to ensure that consumers are aware of potential health or safety hazards associated with the use of tobacco products by warnings strategically placed throughout the marketing and distribution system, and prevent the deceptive advertising of products that claim to reduce the health risk. For example, to ensure that all consumers are aware of the hazards, the Commission has required that the warning be clear, conspicuous, and in the same language as the selling message.

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65-CDF

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	0.3	5.3	2.2	7.8	111,975	1,082	6,800	5,000	12,882	124,857
FY '76	0.2	4.7	1.8	6.7	101,669	2,877	22,000	7,500	32,477	134,146

Additional comments:

PROGRAM SUMMARY

Program Name: Product Safety Advertising

Program No: 107

Date Prepared: 4-16-75

Description of Problem Area

Improper or careless use of a wide range of products often results in economic loss and physical injury. Such misuse and injury may often be the result of marketing if it (1) includes false or deceptive claims about the danger potential of the products or (2) fails to disclose material safety related facts. Some of the potentially harmful products under examination are partially regulated by other governmental agencies, e.g., Environmental Protection Agency registration of pesticides which is usually limited to labeling and not to promotional claims for the products. Other products, such as plastics, are not otherwise regulated and therefore may reach the market not only with deceptive advertising but also without disclosures or instructions accompanying the product itself.

Program Objectives

Completion of a proposed trade regulation rule for the marketing of pesticides which may require the elimination of false safety claims, the disclosure of information regarding specific hazardous characteristics of the products, and an affirmative warning, as well as one pending case against a pesticide manufacturer.

The Commission has issued a proposed trade regulation rule covering advertising claims and promotional practices regarding the flammability of foamed plastics products. Views and comments on the proposed rule will be received and analyzed by staff, who will then make a recommendation to the Commission regarding the advisability of a final rule.

A further objective will be to continue random surveillance of product advertising to eliminate implied or direct claims in the promotion which might misinform purchasers about safety related characteristics or use practices of hazardous products. If rules for specific products are promulgated, enforcement efforts of such rules, as appropriate, will be instituted.

44
FTC-40

Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses	
Manyears	Dollars									
FY '75	3.6	-	3.4	7.0	123,034	6,276	7,000	-	13,276	136,310
FY '76	3.8	1.1	3.2	8.1	147,394	12,453	3,754	1,200	17,609	165,005

Additional comments:

Joint PCF and EO Program

PROGRAM SUMMARY

Affirmative Disclosure of
Material Product Information
Program Name: III

Program No: III

Date Prepared: 4-18-75

Description of Problem Area

While failure to disclose material facts to purchasers and prospective purchasers has been a violation of the FTC Act almost since its enactment, the current lack of material performance information in some product categories, and the excess of irrelevant and/or disorganized (and therefore difficult to utilize) information in other product areas, operate as disincentives to competition based on quality and as hindrances to competition. The absence of meaningful information can lead to purchase decisions based on false assumptions as to the relationship between price and quality of competing products. Silence may operate as potential deception and unfairly lead to purchases of products or services which may be inadequate, excessively costly, or otherwise unable to live up to consumers' legitimate expectations. The program is intended to help consumers overcome these obstacles to fair and rational bargaining and exercise of choice.

Program Objectives

Require disclosure of material product information, particularly as relating to major elements of cost for high-priced products and central performance characteristics, such as life expectancy, cost of operation, energy consumption, cost of repair, cleaning ability, temperature maintenance, usable volume, efficiency of operation, etc.

Concentrate initially on information concerning performance characteristics in the following product categories: automobile fuel consumption, refrigerators, air conditioners, dishwashers/washing machines, vacuum maintenance, carpet durability, and energy efficiency disclosures in several product areas. Regional offices will pursue individual case enforcement for products other than those mentioned above for which consumers lack important information as to product characteristics.

In the process, determine in such product categories what the material features are for rational consumer choices, whether and how such features can be measured, and whether and how they can be communicated. Determine also the need for, and means of achieving, standardized terminology and methods of measuring important performance characteristics.

Encourage product improvement and discourage reliance on artificial product differentiation, in favor of claims for significant product differences.

Pending legislation, if enacted, could require additional resources to discharge responsibilities for this program.

Monitor HUD study of abuses in the condominium area in order to determine whether Commission law enforcement or rulemaking activity would be appropriate.

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FTC-44

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	15.6	4.1	10.6	30.3	577,344	22,021	22,500	3,480	48,001	625,345
FY '76	14.7	3.5	10.1	28.3	555,212	50,371	55,700	4,800	110,871	560,083

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Funeral Industry

Program No: 112

Date Prepared: 4-16-75

Description of Problem Area

Consumers spend approximately \$3 billion annually for funeral services. These purchase decisions are often made when the bereaved consumer is in a uniquely vulnerable position, a fact calling for a high standard of commercial fairness. The funeral industry is marked by the absence of price advertising and disclosure, a serious impediment to price competition. Retail purchase agreements in the funeral industry frequently deprive the purchaser of the option to decline certain ancillary and unwanted funeral services. Thus the public may be coerced into buying unwanted goods and services at inflated prices. The disadvantaged position of the bereaved buyer's lack of full information about requirements, options, prices, and alternative sellers leave funeral buyers vulnerable to deceptive contract terms or sales practices.

Program Objectives

Staff will complete its formal investigation of funeral practices, and will formulate recommendation to the Commission for appropriate corrective measures, based on the investigation. The staff's recommendations may include: test cases involving particular funeral homes or funeral home chains; industrywide "standards" for the funeral industry in the form of Trade Regulation Rules, Industry Guides, or model legislative proposals for the states; a public report on the investigation; consumer education materials, to provide essential information respecting funeral arrangements presently absent in the marketplace, to identify how to make funeral arrangements, and to describe available alternatives; and proposals for regularizing the availability of comparative price data and related information of the sort provided in the FTC's experimental funeral price survey in the District of Columbia conducted in FY 74.

04

FTC-42

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	2.2	2.1	1.1	5.4	97,636	2,073	8,850	-	108,559	
FY '76	3.7	1.8	2.1	7.6	155,171	5,157	650	3,740	164,718	

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Prescription Drugs

Program No: 113

Date Prepared: 4-18-75

Description of Problem Area

American consumers spend at least \$6 billion per year purchasing prescription drugs. The prescription drug market is unusual in that consumers purchase, but do not select, the products. There may be a near-total lack of information concerning the prices at which identical drugs may be available at competing pharmacies. This substantial barrier to price competition and informed consumer selection of pharmacies may be the result of some combination of state law restraints and private restrictions placed upon retail price disclosures. Commission staff are conducting an industry-wide investigation to determine whether significant problems exist which may be remedied by the FTC. Another aspect of this problem area relates to the lack of consumer awareness of the potential saving related to selections among therapeutically equivalent drugs, where available.

Program Objectives

This investigation is focused on means to enhance competition and reduce consumer economic loss associated with the retailing of prescription drugs. To that end, the Commission may decide to remove or lessen, if warranted, and through suitable remedial techniques any of the restraints on price competition or restraints which otherwise adversely affect consumers in shopping for prescription drugs. Remedial techniques could include recommendations to Congress for legislation, public disclosure of information, litigation, trade regulation rule proceedings, and cooperative federal-state activities.

LP

FTC-43

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	2.0	1.0	2.0	5.0	84,586	1,995	-	-	1,995	86,581
FY '76	2.0	1.0	1.4	4.4	81,000	6,257	5,000	-	11,257	92,257

Additional comments:

PROGRAM SUMMARY

Program Name: Point of Sale Practices

Program No: J01

Date Prepared: 4-18-75

Description of Problem Area

This program focuses upon certain commercial practices which injure consumers at the retail establishment and thus distort the market. Major problem areas are: (1) unavailability and overpricing of advertised "special" items; (2) misleading and unsubstantiated "discount" and other pricing claims at retail supermarkets; (3) enforcement of the Commission's guides against deceptive price advertising and against "bait and switch" selling tactics.

Program Objectives

Enforce the Commission's rule dealing with unavailability and overpricing of advertised store items by staff investigation.

Prevent misleading and unsubstantiated information at the point of sale by implementing the Commission's revised Deceptive Pricing Guides and by addressing deceptive food price advertising through formal enforcement.

Develop a strategy to improve "bait and switch" enforcement at a reasonable cost, based upon a probable staff recommendation to couple continued formal enforcement by the Regional Offices with a possible remedial trade regulation rule.

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FTC-144

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	6.8	2.3	3.5	12.6	253,681	12,412	-	-	12,412 266,093	
FY '76	5.7	1.1	4.0	10.8	206,870	17,317	-	2,570	19,887 226,757	

Additional comments:

Joint BCP & RO Program

PROGRAM SUMMARY

Program Name: Vocational Schools

Program No: J02

Date Prepared: 4-18-75

Description of Problem Area

The Private Vocational School Industry is vital to this country's need for effective employment training and retraining. Each year millions of consumers, many of whom are educationally and economically disadvantaged, look to private vocational schools for the security which employment training alone can supply. It is estimated that 3.3 million students attend approximately 10,000 vocational schools, and that such schools have an annual income of over \$2.5 billion. Ghetto residents, military personnel, the unemployed, high school graduates, and high school drop-outs are the largest consumers of private vocational training. High pressure sales techniques, misrepresentations as to salary, occupational opportunities and placement of graduates, and unfair refund policies appear to have caused consumers substantial economic and opportunity losses.

Program Objectives

Through use of a multi-phase program to:

1. Seek industry-wide reform through proposal of a trade regulation rule dealing with advertising, disclosure, cooling-off and refund requirements concerning industry members. This complements the earlier industry guide concerning vocational school practices.
2. Create deterrent impact against misleading and unfair practices by investigating, and litigating against, if necessary, industry leaders to seek consumer redress (through the use of Section 206 of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act on a pilot basis), affirmative disclosures, specific prohibitions, and cooling-off relief.
3. Stimulate awareness among prospective students of potential industry deceptions or unfair practices by disseminating educational materials through multiplier (i.e. high school counselors, VA counselors, consumer educators, media personnel) channels as well as directly to prospective students in an effort to induce self-help by the potential consumers of this industry.
4. Encourage state and federal agencies with regulatory power over industry members to strengthen their enforcement and other regulatory activities through close cooperation with and providing limited assistance to such agencies, as well as participation in various interagency, state-federal, and government-private activities.

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FTC-45

Resource Requirements	Personnel			Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	
				Manyears	Dollars				
FY '75	24.1	8.0	12.1	44.2	882.854	36,324	38,000	12,500	86,824
FY '76	16.0	4.8	11.7	32.5	601,078	42,736	500	26,040	69,276
									670,354

Additional comments:

Joint RCP and RO Program.

PROGRAM SUMMARY

Program Name: Land Sales

Program No: 104

Date Prepared: 4-18-75

Description of Problem Area

Alleged land sales frauds by interstate sellers constitute a consumer problem of major importance. Frequently cited misrepresentations concern the investment potential of undeveloped parcels of land; the extent of development expected in a particular tract; the extent of the improvement obligation assumed by a seller. Injury to the public from the purchase of worthless or near-worthless land appears to be substantial. Consumers are sometimes unable to obtain redress on an individual basis where sellers have defaulted on contract obligations. Unfair retention of funds obtained from consumers through violations of the FTC Act is a major target for redress. Action completed in 1975 is expected to produce substantial direct economic benefits to a large number of victimized purchasers. The need for similar action will continue in 1976.

Program Objectives

Deter unfair and deceptive sales techniques by enforcement actions against major companies.

Use Section 206 of the Magnuson-Moss Warranty - FTC Improvement Act on a pilot basis for the benefit of consumers who are actually found to have been victimized by land sales frauds.

Implement an industry-wide enforcement strategy to curb false land investment claims with possible trade regulation rulemaking to be recommended by the staff. Legislative recommendations may also become appropriate.

Obtain reformation of land sales contracts which violate the FTC Act.

This program includes a limited-issue staff inquiry into the terms and conditions of sales contracts used by major interstate sellers of new residential real estate to determine whether FTC Act enforcement should be recommended.

OC

FTC-46

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	19.6	9.3	9.1	37.0	734,960	39,732	15,000	7,500	62,232	
FY '76	22.6	8.4	19.9	50.9	959,388	71,008	40,000	23,250	134,258	
									1,093,646	

Additional comments:

Joint ECP and RO Program.

PROGRAM SUMMARY

Program Name: Direct Selling

Program No: JOS

Date Prepared: 4-18-75

Description of Problem Area

Direct (or door-to-door) selling is one of several ways in which producers of goods and services retail their products to the consumer. As contrasted with other marketing methods, products sold in the consumer's home tend to be higher priced than similar goods sold in other ways and, in some instances, are sold only in this fashion because consumers cannot be induced to buy through conventional channels. These circumstances, among others, result in the use of high pressure sales techniques, particularly for expensive, non-repeat sales. Moreover, in many instances, these techniques are accompanied by misrepresentations as to purpose of visit and the price, quality and effectiveness of the product.

Program Objectives

Deter direct selling misrepresentations by selecting national targets for investigation and enforcement action.

Enforce the Cooling-Off trade regulation rule (TRR) including use of Section 205 of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act on a pilot basis.

Make consumers aware of their rights under the Cooling-Off TRR by disseminating educational materials to multipliers (including Regional Offices) that can, in turn, obtain widespread local distribution.

Develop substantive standards governing specific direct selling tactics that contravene the fairness and deception standards of the Federal Trade Commission Act through staff development of possible rulemaking recommendations dealing with single industries or products.

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FTC-47

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	5.3	3.0	2.8	11.1	220,416	8,813	-	7,500	16,313	236,729
FY '76	5.8	1.9	2.5	10.2	207,458	12,994	-	15,300	28,294	235,752

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Warranties and Product
Reliability

Program No: J06

Date Prepared: 4-21-75

Description of Problem Area

Title I of the Magnuson-Moss Warranty-FTC Improvement Act, 15 U.S.C. 2301-2312, P.L. 93-637, directs the Commission to establish content disclosure standards for written warranties on all consumer products costing more than \$5. Rules to implement this mandate must be promulgated by January 4, 1976, as must minimum requirements for informal dispute settlement procedures contained in consumer product warranties. The law also requires the Commission to initiate a rulemaking proceeding on used car warranty practices prior to January 1976. In addition, the statute authorizes the Commission to develop rules dealing with advertising of warranties, depreciation allowances, timing of warranty periods, parts tie-ins and service contracts. The law preserves the Commission's preexisting Section 5 enforcement powers for consumer product warranties. Besides implementing the new law, special attention will be directed to the warranty practices of mobile homes manufacturers.

Program Objectives

Promulgate rules to implement the Magnuson-Moss Warranty - FTC Improvement Act in the following areas:

Sec. 102(a)	Warranty Content
Sec. 102(b)	Pre-Sale Availability of Warranty Terms: Warranty Advertising Standards
Sec. 103	Warranty Designation
Sec. 104	Definition of Full Warranty Rights and Duties
Sec. 106	Service Contract Terms
Sec. 109	Used Car Warranties
Sec. 110	Informal Dispute Mechanisms

Develop proposed rules to implement the Magnuson-Moss Warranty - FTC Improvement Act in the following areas:

Sec. 101 (12)	Depreciation Allowances
Sec. 102(b)(2)	Timing of Warranty Period
Sec. 102(b)(3)	Tie-ins of parts via warranties.

Continue work on current mobile home warranty enforcement program.

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FTC-48

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)		
	Attorney/ Economist	Other Professional	Clerical	Total	Manyears	Dollars	Travel	Program Contracts			
FY '75	18.1	4.1	11.0	33.2	215,312		12,275	27,000	7,500	14,715	659,087
FY '76	21.1	5.4	11.0	37.5	271,248		37,414	12,500	57,120	127,034	978,222

Additional comments:

PROGRAM SUMMARY

Business Opportunities and
 Program Name: Recession Advertising Program No: J07

Date Prepared: 4-21-75

Description of Problem Area

Each year many consumers, often in lower income brackets, invest in business opportunities that may be of some value, but which are promoted in a deceptive manner. Worthless and near-worthless opportunities are also successfully passed off as good investments. High pressure sales techniques involving misrepresentations and non-disclosure of material facts have caused consumers substantial economic loss and resulted in misallocation of resources. Deceptive and unfair business opportunity promotions as well as consumer vulnerability to such promotions are expected to increase significantly during the current period of economic uncertainty. During 1976 it will be of particular importance that consumer funds are not siphoned out of potentially productive investments into deceptive or fraudulent schemes.

Program Objectives

Obtain redress for purchasers of worthless and near-worthless business opportunity schemes through investigation and formal enforcement seeking restitution, where appropriate.

Develop summary procedures, including procedures authorized by Section 205 of the Magnuson-Moss Warranty - FTC Improvement Act, to deter false advertising involving business schemes which exploit the recession.

Require disclosure of actual earning potential and risks to potential franchise purchasers by enforcement of the proposed trade regulation rule requiring disclosures by franchisors.

Complete business opportunity proceedings in progress.

Prevent consumer deception and economic loss in pyramid sales transactions through staff development of an enforcement strategy, including possible development of a trade regulation rule applicable to pyramid selling.

CR
CG

FTC-69

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	10.5	4.1	6.0	20.6	407,964	7,747	-	-	7,747	41,711
FY '76	13.3	2.2	6.1	21.6	451,493	17,451	-	4,200	21,651	475,144

Additional comments:

PROGRAM SUMMARY

Program Name: Occupational Licensure

Program No: J09

Date Prepared: 4-21-75

Description of Problem Area

One of the basic purposes of the Federal Trade Commission is to protect consumers by reducing artificial barriers to entry into particular markets. There is an increasing consensus that one of the most important of these artificial barriers is the set of legal and guild-like restrictions on entry into service occupations, predominantly enforced on the state and local level. These artificial entry barriers appear to raise prices to consumers by restricting the supply of resources devoted to various service industries. In some instances the price-raising effect of the artificial restriction on supply is supported or enhanced by the administration of a system of minimum prices by occupational boards. A recent study by the Bureau of Economics showed that prices for television repair service was approximately 20% higher in a state that imposed entry restrictions as compared with jurisdictions in which no such restrictions were present.

Program Objectives

1. Identify and describe the nature of legal and privately imposed barriers to entry into various selected service industries in a number of representative and economically important jurisdictions.
2. Measure or estimate the effect of such barriers as may be found on prices paid by consumers and, if possible, on the type and quality of service provided to them.
3. Prepare a report that may form the basis for Commission action or for a recommendation or legislation to either the Congress or the several states.
4. Formulate and implement Commission remedy if unlawful acts are discovered and if such relief formulated is deemed in the public interest.

PG

FTC-50

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	8.6	3.3	1.1	16.0	342,364	0,70	-	0,70	343,764	
FY '76	10.8	6.1	7.1	32.1	500,538	21,652	-	4,620	526,778	

Additional comments:

PROGRAM SUMMARY

Program Name: Other Consumer Redress

Program No: J11

Date Prepared: 4-21-75

Description of Problem Area

This program consists of several projects which are designed to ensure that Section 206 of the recently enacted Magnuson-Moss Warranty-FTC Improvement Act (Section 19, FTCA) is used to maximum advantage. These projects will include cases to test the legal interpretation and deterrent effect of Section 206. They will also include efforts to define areas in which new trade regulation rules will be helpful in applying this provision.

Program Objectives

1. To develop and clarify the law respecting application of Section 206 of the Magnuson-Moss Warranty - FTC Improvement Act by test cases.
2. To identify areas in which trade regulation rules may be most useful in implementing Section 206.

(This program is designed to implement consumer redress activity in new areas, not already addressed by other Commission programs, such as, land sales and vocational schools.)

CR
CR

FTC-51

Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears	Dollars						
FY '75	2.5	-	1.0	2.5	75,748	-	-	-	-	75,748	
FY '76	7.3	2.3	3.9	14.2	294,138	3,000	5,000	-	,000	302,138	

Additional comments:

PROGRAM SUMMARY

Program Name: Children's Advertising

Program No: K01

Date Prepared: 4-21-75

Description of Problem Area

The problem addressed by this program is the use by advertisers of themes, claims, and techniques which unfairly exploit this special class of consumer, but which do not necessarily fall within traditional "false and misleading" categories. As the Supreme Court made clear in the S&H case, the Commission has the authority to proscribe practices, including advertising, which are unfair to consumers. The determination of unfairness must be related to the context within which the commercial practice operates as well as the class of persons upon which it impacts. This program focuses upon advertising directed to children. Techniques and themes that unfairly exploit the special vulnerability of the young will be addressed on an industry-wide as well as a selective basis. Advertising which may be unfair to other groups will be scrutinized as appropriate.

Program Objectives

The objective of this program is to identify standards of fairness in advertising and commercial relationships with children to avoid exploiting their lack of experience and maturity. The development of such standards, such as the enforcement policy on television advertising of premium offers to children developed in FY 1975, may be buttressed by the increase in empirical data sponsored and funded by other agencies, such as the National Science Foundation to be used in the Commission's program.

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FTC-52

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	1.5	0.2	0.8	2.5	48,259	1,255	2,000	-	3,225	
FY '76	2.7	0.3	1.4	4.4	87,036	13,395	10,000	-	13,395	

Additional comments:

PROGRAM SUMMARY

Program Name: Creditors' Remedies

Program No: K03

Date Prepared: 4-21-75

Description of Problem Area

The creditors' remedies program is a two-stage effort to apply S&H unfairness doctrine analysis to various statutory and contractual remedies incident to the extension and collection of consumer credit. The program addresses the apparent disparity in bargaining power between lower-income debtors and consumer finance companies. Possible violations of the FTC Act relate to collection remedies that depend on provisions inserted in standard form contracts that debtors may be compelled to accept, on a take it or leave it basis, because of their financial position and lack of alternative sources of credit. Among the practices under scrutiny are the use of: (1) wage assignments, (2) confessed judgments, (3) waivers of property exemptions, (4) security interest, (5) forfeiture of attorney's fees, (6) co-signer agreements, (7) refinancing agreements, (8) reaffirmation agreements, and (9) employer contracts, in the course of collecting overdue obligations.

Program Objectives

Continue development and possible final promulgation of a trade regulation rule that could restrict the use of certain collection remedies by prohibiting the inclusion of certain terms and conditions in standard form consumer contracts.

57

FRC-15

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	4.0	0.1	3.8	8.2	152,505	\$,200	-	5,000	13,280	165,785
FY '76	3.4	1.0	2.2	7.2	136,867	4,414	-	7,200	11,014	148,481

Additional comments:

PROGRAM SUMMARY

Program Name: Debt Collection

Program No: LOI

Date Prepared: 4-21-75

Description of Problem Area

Debt collection abuses, a major and increasing source of consumer complaints, fall into two broad categories -- deceptive debt collection representations and abusive or unfair debt collection tactics. Some debt collection companies, for example, use false and misleading methods to secure payment of consumer debt, coercing payment even when the debt is disputed because of allegedly faulty merchandise or unsatisfactory services rendered. The deceptive or unfair practices include use of deceptive forms such as letters simulating telegrams, and false threats to bring suit or damage the consumer's credit standing. Other illustrations of abusive tactics are threats of bodily harm, arrest and other similar consequences, calls and visits to friends, neighbors, associates and employers, harassment and repeated and insulting calls.

Program Objectives

The objective is to establish standards of fairness in the debt collection industry. The staff will apply the standards enunciated in Transamerican Debt Collections, Inc., Dkt. 8901 to other "flat rate" debt collection companies, i.e., companies limiting their services to selling a series of form letters, each of increasing intensity seeking payment directly to the creditor. The staff will also conduct an in-depth study of the nature of and extent of abuses in the industry to determine the extent to which rule-making could be an effective solution. The trend toward concentration in the industry, coupled with increased involvement by well capitalized, larger companies, plus the near total absence of any federal standard setting in the area, tend to support the rulemaking approach.

Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears	Dollars						
FY '75	4.0	1.7	2.3	8.5	162,305	4,540	-	1,300	5,850	162,145	
FY '76	4.9	1.9	4.8	11.6	208,887	9,078	-	5,330	11,408	223,295	

Additional comments:

Joint BCP and RC Program.

PROGRAM SUMMARY

Program Name: Credit Billing

Program No: L02

Date Prepared: 4-21-75

Description of Problem Area

Credit card transactions represent billions of dollars in sales of goods and services. The advent of computerized billing and third party credit billing has contributed to complaints indicating massive consumer problems in the general area of credit billing. Typical of such problems are: (a) incorrect crediting of payments and returned merchandise, (b) failing to receive bills in sufficient time to pay them and avoid finance charges, and (c) contacting a responsible person to resolve individual disputes about correcting billing errors and handling other problems or adjustments. A related problem area concerns the practice of creditors reporting disputes and delinquencies to credit reporting agencies, where the potentially damaging information will be passed on to other users of credit reports.

Program Objectives

The objective of the program is to propose a systematic and industry-wide approach, possibly in the form of a proposed Trade Regulation Rule, which would attempt to establish basic requirements for the handling of customer accounts, proper crediting of payments and returns, resolving disputes, the time period within which the bill must be received, as well as how creditors should handle the reporting of consumer disputes and non-payment of bills. A well-conceived and sound rule could also serve as a model for use by states encountering these problems, which are not subject to Commission jurisdiction, thereby producing uniform requirements for all creditors.

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PTC-55

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses	
FY '75	0.5	-	0.4	0.9 Manyears	16,076	-	-	1,300	1,300 17,376
FY '76	1.0	-	0.7	1.7 Manyears	31,884	1,000	-	2,500	3,500 35,384

Additional comments:

PROGRAM SUMMARY

Program Name: Truth in Lending

Program No: M01

Date Prepared: 4-21-75

Description of Problem Area

The Commission has the responsibility to enforce the Truth in Lending Act against creditors other than banks, savings and loan companies, credit unions and certain regulated industries. The Act requires the disclosure of the cost of credit in a tightly controlled manner in every consumer credit transaction. The Commission's enforcement jurisdiction runs to a huge and diverse sector of the credit industry. While a high level of compliance has been achieved, the sheer size of the industry requires a continued level of significant investigational and enforcement effort. A recent focus of the program is on the required disclosure of the optional nature of credit insurance in credit transactions. Related to Truth In Lending is a recently discovered problem of forfeiture of credit balances when credit accounts are closed. The Equal Credit Opportunity Act, which becomes effective on October 28, 1975, will also be enforced under this program as appropriate.

Program Objectives

Assure continued compliance with the Truth in Lending Act by planning, coordinating and operating a national enforcement strategy using regional office resources. In addition, Section 205 of the Magnuson-Moss Warranty - FTC Improvement Act will be considered as an enforcement device on a pilot basis.

Enforce disclosure requirement that credit insurance is optional by formal enforcement action against major credit institutions.

Address the alleged practice of forfeiture of credit balances by actions when appropriate against major retailers engaging in the practice.

Educate consumers to shop for the lowest Annual Percentage Rate (APR) by disseminating materials through multiplier channels.

Educate consumers as to their right to disclosures and make creditors aware of the basic provisions of the Fair Credit Billing Act; Institute appropriate enforcement actions whenever violations of the Act take place.

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FTC-56

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
FY '75	12.4	7.5	7.9	27.8	539,071	16,017	9,250	4,685	29,922	569,003
FY '76	13.5	4.2	4.2	21.9	495,026	21,482	300	11,670	33,452	528,-76

Additional comments:

PROGRAM SUMMARY

Program Name: Fair Credit Reporting ActProgram No: M02Date Prepared: 4-21-75
Description of Problem Area

The Fair Credit Reporting Act (FCRA) became effective in April 1971. The agency is responsible for interpreting and enforcing the statute and formulating industry guidelines for compliance. Enforcement efforts have resulted in, among other things, the publication of a compliance booklet and the six formal interpretations announced by the Commission in February 1973. The Fair Credit Reporting Act's provisions fall into three general areas: regulation of consumer reporting agencies, disclosure requirements for users of consumer reports, and the rights of individual consumers to learn the contents of their files at consumer reporting agencies and to compel correction or completion of inaccurate or incomplete entries in their files. Extension of consumer credit is a multi-billion dollar industry of crucial public importance. Ensuring the accuracy and completeness of the reports on which credit decisions are based is of major significance to the economy as well as to the individuals involved.

Program Objectives

Achieve a high degree of compliance with the Act by all consumer reporting agencies and by users of consumer reports who are subject to FTC jurisdiction by the execution of a national enforcement strategy using regional office resources to complement headquarters staff.

Recommend any necessary amendments to the Act to strengthen the statute and to clarify ambiguous or conflicting provisions.

Educate consumers as to their rights to disclosures and encourage the exercise of those rights.

Complete enforcement matters now active.

61

FTC-57

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	7.6	2.4	3.9	13.9	278,825	7,315	-	5,000	12,315	201,140
FY '76	3.5	2.3	2.0	7.8	153,048	8,555	650	7,700	17,100	169,953

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Packaging and Labeling

Program No: M03

Date Prepared: 4-21-75

Description of Problem Area

The Fair Packaging and Labeling Act (FPLA) was enacted to ensure that packages and their labels provide consumers with accurate information as to the quantity of contents and thereby facilitate value comparisons. To assist consumers and manufacturers in reaching these goals in the marketing of consumer goods, the Commission was given the major responsibility for implementing and enforcing the Act. With HEW and the Department of Commerce, FTC shares the responsibility to promote to the greatest practicable extent uniformity in State and Federal regulation of the labeling of consumer commodities. The Commission is concerned also with other possibly deceptive marketing practices involving packaging.

Program Objectives

Continue implementing the mandatory portions of the Act by issuing regulations concerning the marketing of packages and labels with statements of net quantity, identity, name and place of business, and servings.

Maintain high level of compliance and interpretation activity.

62

FPC-54

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	3.5	0.3	2.1	5.9	113,121	1,120	2,000	-	3,120	116,241
FY '76	0.7	1.4	0.2	2.3	44,686	3,005	3,000	510	6,215	51,401

Additional comments:

Joint BCP and RO Program

PROGRAM SUMMARY

Program Name: Textile, Wool & Fur Labeling

Program No: M04

Date Prepared: 4-21-75

Description of Problem Area

This program covers the Commission's enforcement of the rules and regulations promulgated under the Textile Fiber Product Identification Act, the Wool Products Labeling Act and the Fur Products Labeling Act for labeling, invoicing and advertising textile, wool and fur items. These statutes call for the truthful labeling of the products covered. They are designed to protect manufacturers and distributors as well as consumers against misbranding and other deceptive practices.

Program Objectives

Maintain a high degree of compliance with the Textile Fiber Products Identification, Wool, and Fur Products Labeling Acts at a reasonable enforcement cost by implementing a national inspection and testing program.

Develop a deterrent impact in the textile, wool, and fur industries through selected formal actions embodying effective relief where appropriate. Revised enforcement guidelines have been issued to govern the selection of these formal actions.

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FTC-59

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	7.5	5.4	5.6	18.5	345,217	6,214	-	-	6,214	351,431
FY '76	5.4	7.9	3.2	18.5	135,208	14,597	-	4,010	19,507	3,4,715

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Hobby Protection Act

Program No: M05

Date Prepared: 4-21-75

Description of Problem Area

In recent years numismatists and collectors of political items such as campaign buttons and posters have been plagued by the widespread dissemination of fake items. Collectors of such items complained to the Congress about unscrupulous operators, in this country and abroad, who have apparently manufactured phony numismatic and political items and passed them off as rare collectors' pieces. In response to this problem, the Hobby Protection Act of 1973 makes unlawful the manufacture or importation of imitation numismatic and political items unless marked in accordance with regulations prescribed by the Federal Trade Commission. Imitation numismatic items must be inscribed with the word "COPY" and imitation political items must carry the calendar year of manufacture.

Program Objectives

The primary objective is to continue the promulgation and enforcement of rules under the Hobby Protection Act to prevent counterfeiting of the items covered by the Act.

A further objective is to continue the limited monitoring and compliance activity consistent with the private enforcement scheme created by the Act.

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FTC-60

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	0.2	-	-	0.2	5,079	-	-	-	-	5,079
FY '76	0.2	-	-	0.2	5,171	-	-	-	-	5,171

Additional comments:

PROGRAM SUMMARY

Enforcement of Other TRRs
 Program Name: and Guides

Program No: N01

Date Prepared: 4-21-75

Description of Problem Area

The emphasis on rulemaking as a more efficient adjunct to case-by-case adjudication in consumer protection programs is based on two premises: first, the vast majority of firms will comply with the requirements of a final trade regulation rule. Second, the existence of the rule will facilitate swift enforcement against those who do not. The Commission is determined to assure the highest degree of compliance with its rules, since even a low level of non-compliance can have an eroding effect on the value of rulemaking as an efficient enforcement mechanism.

Program Objectives

Implement a comprehensive enforcement program to monitor, investigate, and bring necessary enforcement action (including where appropriate injunctive action) against violators of Commission's final rules and guides not specifically programmed elsewhere, including the following:

- Undelivered mail order merchandise TRR (proposed)
- Negative Option TRR
- Octane Labeling TRR
- Light Bulb TRR
- Furniture Guides
- Amplifier TRR
- Re-cycled Guides (proposed)

(Note that other final rules will be enforced as part of specific consumer protection programs, see, e.g., the Direct Selling Program, which includes the Cooling-Off trade regulation rule and the use of Sections 205 and 206 of the new FTC Improvement Act.)

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FTC-61

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	7.0	3.3	7.0	17.3	308,338	9,556	-	-	9,556	317,894
FY '76	9.5	3.2	4.6	17.3	354,300	23,370	-	5,620	28,290	382,290

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Compliance (Consumer Protection) Program No: N03

Date Prepared: 4-21-75

Description of Problem Area:

A vigilant compliance effort is essential to the effectiveness of all other consumer protection actions. The entry of a final order against a violator of the statutes enforced by the Commission is not the end of a case, but the beginning of the compliance phase. These orders must be policed to ensure that the firm fully recognizes its obligation to make all changes necessary to comply and continues to operate within the strictures of the law. The Bureau of Consumer Protection Compliance Division is responsible for monitoring, effectuating, and investigating compliance with all outstanding consumer protection orders. All consumer protection orders of recent years are audited for indications of violation. Where appropriate, compliance investigations are pursued and civil penalty actions are filed. Also, reports of steps taken to achieve compliance with all new final orders are reviewed and followed up where necessary.

Program Objectives

- Assure that firms come into compliance when orders become final by ruling on the adequacy of initial reports of compliance.
- Enforce continuing compliance with final orders by securing compliance reports, conducting investigations, and where necessary initiating civil penalty proceedings.
- Complete civil penalty actions on hand.

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FTC-62

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	26.0	2.0	11.6	39.6	848,646	12,339	-	-	12,339	860,985
FY '76	26.4	4.3	5.7	36.4	819,602	22,244	-	3,250	25,504	845,106

Additional comments:

Joint BCP and RO Program.

PROGRAM SUMMARY

Program Name: Regional Advertising

Program No: F01

Date Prepared: 3-28-75

Description of Problem Area

Commission staff studies indicate that in every section of the country, regional advertising contains illegal practices (false, deceptive, misleading or unfair advertising) affecting the health, safety and economic welfare of consumers. These illegal practices may result in substantial bodily and/or economic injury to consumers; engender distrust of commercial advertising generally; promote contempt for and disregard of the laws administered by the Commission; and defeat the near and long term purposes of a competitive economic system by depriving consumers of the truthful information they need to make rational purchasing decisions.

Program Objectives

The principal program objective is the correction of significant regional advertising abuses in violation of Sections 5 and 12 of the FTC Act, relating to industries or practices not otherwise covered by other specific enforcement programs approved by the Commission. More specifically, program objectives include the following:

1. The detection, through monitoring, of significant regional advertising abuses throughout the country.
2. The termination (through voluntary compliance, consent orders and litigation) of regional advertising practices which, directly or indirectly, cause actual and substantial economic injury to consumers or expose them to unreasonable risks to health and safety as the result of false, misleading or unfair representations or unfair or deceptive nondisclosures.
3. The promotion of a regional advertising environment which provides to consumers the truthful information needed to make rational purchasing decisions.
4. The elimination of unfair and deceptive advertising and labelling of such items as dietary supplements, including concentrated protein products, by the development of proposed rules for consideration by the Commission.
5. The institution of a systematic regional advertising monitoring system including newspapers, local radio and television, periodicals, and direct mail advertising.

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FTC-63

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	10.7	8.5	9.7	28.9	542,193	25,330	-	-	25,330	567,523
FY '76	8.4	5.4	5.6	19.4	383,516	38,977	-	13,700	52,677	436,193

Additional comments:

PROGRAM SUMMARY

Program Name: Regional Marketing Practices

Program No: P02

Date Prepared: 3-28-75

Description of Problem Area

The advertising practices of some businesses (such as health spas, swimming pools, and employment agencies) often appear to involve deceptive, fraudulent, or other highly questionable representations relating to the desirability of obtaining the service offered or to the characteristics and warranties pertaining to the advertised product. These advertisements often lead consumers into contracts which contain onerous provisions, such as an obligation to pay high fees for future and continuing services, without the possibility of refund if the consumer does not in fact avail himself of the contracted-for services. In addition, some future service contracts are grounded in fraud. This occurs, for example, where the services are not, and were never intended to be, rendered. Such contracts and the advertising practices which induce consumers to enter into such contracts inflict serious economic hardship and injury on the consumers responding to these advertisements.

Program Objectives

1. To provide consumers with correct information concerning the services, products, guarantees, or other features stressed by advertisements in problem areas including, for example, health spas, prepaid employment agencies, and above-ground swimming pools.
2. To deter unfair and deceptive advertising and onerous contractual practices, by obtaining effective relief against major violators. Such relief may include appropriate consumer redress or civil penalties under Sections 206 or 205 of the Magnuson-Moss Warranty - FTC Improvements Act.
3. To develop, where appropriate, recommendations for Commission consideration of proposed trade regulation rules (particularly in the area of reformation of contractual practices), possibly including provision, for example, for a pro rata refund of fees paid for unused services.

FTC-64

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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	3.1	1.3	2.1	6.5	126,066	6,680	-	-	6,620 134,746	
FY '76	2.2	1.3	1.1	4.6	93,535	8,134	-	2,860	10,394 104,529	

Additional comments:

PROGRAM SUMMARY

(Regional Office Program)
Federal-State Relations

Program No. P10

Date Prepared: 3-28-75

Description of Problem Area

The Commission's ability to function efficiently as a Federal administrative agency is partly dependent upon its ability to choose for action those matters to which its authority and remedial powers are particularly suited, and to encourage state and local consumer protection and antitrust agencies (including legislative authorities) to take action in matters more appropriate for state or local treatment. This program aims to encourage state and local agencies to assume effective jurisdiction over matters which are within the general authority of the Commission, but which for reason of resource allocation or jurisdiction, are more properly matters for state or local agencies.

Program Objectives

1. To improve coordination of investigative and enforcement efforts among state and local agencies inter se, and between such agencies and the FTC's regional offices.
2. To increase the efficiency of the FTC by promoting state and local enforcement action in areas where the Commission exercises concurrent jurisdiction, thereby freeing Commission resources for matters more appropriate for FTC action.
3. To seek enactment of state and local statutes and ordinances that protect the public interest in free competition and fairness in the marketplace, by promoting and supporting state and local legislation embodying those objectives.
4. To persuade state and local law enforcement agencies to act on matters brought to the attention of the Commission, which more appropriately deserve attention by such agencies rather than by the FTC.
5. To promote within state and local legislatures enactment of:
 - a. "Little FTC Acts" in states not now having them; and
 - b. municipal ordinances designed to protect consumers in areas most appropriate for local action.
6. To develop for the consideration of the Commission, proposals for a unified Federal-State Relations effort throughout the regional office structure, including proposals with respect to legislative and shared investigational efforts.

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FTC-65

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	6.3	4.3	4.2	14.8	289,082	11,355	-	-	11,355	300,437
FY '76	15.5	5.0	4.6	25.1	554,316	35,055		12,345	47,403	601,719

Additional comments:

PROGRAM SUMMARY

(Regional Office Program)
 Program Name: Public Information & Education Program No: P11

Date Prepared: 3-28-75

Description of Problem Area

The Commission's regional offices have a continuing responsibility to respond to complaints from the general public concerning alleged violations in both competition and consumer protection matters. They also exercise special efforts to promote an informed consumer population and alert the public to special problem areas in which sharp practices are common. Additionally, the regional offices have a duty to keep the public within each region informed of major Commission actions and particularly those actions with a direct impact within respective regions.

In carrying out these activities the regional offices not only attempt to protect consumers from unfair and deceptive practices, but they also advance the goals of our competitive economic system. This program aims to effectuate regional office and Commission responsibilities while also supporting and supplementing the Bureau of Consumer Protection's consumer education efforts.

Program Objectives

1. To process complaints from the general public concerning both consumer protection and antitrust matters by:
 - a. Opening preliminary investigations where the public interest seems sufficiently large;
 - b. Referring matters to the appropriate organizational unit of the Commission or other appropriate public or private agencies;
 - c. Taking immediate action on matters complained of where correction of a minor violation is evidently the most appropriate response to a complaint; and
 - d. Advising complainants, under appropriate circumstances, of the inability of the FTC or other agencies to deal with the complaint.
2. To assist in the execution of consumer education programs planned on a national basis by the Bureau of Consumer Protection.
3. To keep the public in each region of the country informed of common deceptions threatening consumer welfare, and major Commission actions (particularly those programs having a direct effect on the people or industries affected in the respective regions).
4. To promote among the consuming public, wherever possible, the values of comparative shopping with respect to merchandise, services and credit.

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FTC-66

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	9.4	6.3	6.5	22.2	434,547	17,046	-	-	17,046	451,593
FY '76	-	16.3	8.6	24.9	389,402	28,898	-	10,200	39,098	428,500

Additional comments:

PROGRAM SUMMARY

(Regional Office Program)
 Program Name: Idea Promotion Industry

Program No: P17

Date Prepared: 3-28-75

Description of Problem Area

The "idea promotion" industry purports to provide expertise and services necessary to translate an "ingenious" idea or invention into an economically profitable wholesale or retail product. Thousands of consumers have paid \$1,000 or more to "idea promoters" after being persuaded that an idea or invention is destined to return to its creator a substantial profit. The idea promoter, in return for his fee, claims to be able to determine feasibility and marketability, and obtain licensing or royalty contracts for the client. The illegal acts and practices of idea promoters tend to produce only disappointment for the client, who has nothing to show for his money except a worthless portfolio describing his idea.

Program Objectives

The program's primary focus will be on the initiation of investigations of specific idea promotion firms, which are in apparent violation of the law. Investigations will concentrate on the absence of affirmative disclosure of the true value of the services provided by idea promoters. Actions would include remedial as well as prospective relief as necessary and appropriate. Consideration would be given to the possibility of developing a proposed trade regulation rule.

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FTC-67

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
Manyears	Dollars									
FY '75	3.3	2.4	2.3	8.0	156,835	3,733	-	-	3,733	160,568
FY '76	1.7	1.6	1.6	5.1	96,218	6,200	-	2,170	2,370	104,588

Additional comments:

PROGRAM SUMMARY

(Regional Office Program)

Program Name: Ghetto Fraud

Program No: P18

Date Prepared: 3-28-75

Description of Problem Area

This program is concerned with detecting violations (of Section 5 of the FTC Act, and the Truth in Lending Act) in which the principal victims of the unfair, deceptive or fraudulent practices are low-income consumers in metropolitan areas. The Commission staff has reason to believe that some inner-city merchants in cities throughout the country engage in illegal practices exploiting the ignorance or language deficiencies of low income residents.

Program Objectives

1. Investigation and termination of retail advertising and marketing practices which illegally exploit low-income consumers, by obtaining effective relief against retail merchants engaging in such practices.
2. Completion of all pending ghetto fraud investigations.
3. Completion of pending Spanish language consumer projects and cases, implementation of additional projects where warranted, and submission of a report to the Commission with respect to FTC Spanish language consumer projects, with staff recommendations (including recommendations on rulemaking).
4. Promotion of increased state and local activity in this area (through the FTC Federal-State relations program).

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FTC-68

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	4.2	1.7	2.3	3.2	167,653	3,746	-	-	3,746	171,399
FY '76	5.1	2.2	2.3	9.6	201,525	6,602	-	2,330	8,932	210,457

Additional comments:

PROGRAM SUMMARY

Economic Support to Consumer

Program Name: Protection Activities

Program No: P04

Date Prepared: 4-23-75

Description of Problem Area

Many, if not most, consumer protection problems appear to stem from the failure of consumers to have adequate and reliable comparative information on the quality and prices of goods and services. Several prominent economists suggest that this situation reflects a significant failure of markets to provide useful information, and not just the unwillingness of consumers to incur the costs of being better informed. There is thus a pressing need to expand our understanding of the economics of information production and to develop evidence concerning the existence and prevalence of market failure in information provision. Important questions to be explored are: (1) Is there an operational method of determining whether an adequate amount of consumer information is provided? (2) Is there a relationship between market structure and the adequacy of information provision? (3) Is there any evidence that consumers will act on additional information if it is supplied? (4) Under what conditions do firms have an incentive to "conserve complexity" in their products?

Program Objectives

1. Continue the most promising of the research projects being developed in fiscal year 1975 to answer the questions outlined above. For example, one such study under way concerns price dispersion on homogeneous products and another examines the extent to which prices accurately reflect the quality of heavily-promoted products.
2. Evaluate the economic effects of current FTC affirmative disclosure rules and in developing a methodology for measuring probable costs and benefits in deceptive practices cases, affirmative disclosure rules, etc.
3. Assist in fashioning remedies and regulations which will maximize the ultimate consumer benefits to be derived from cases and investigations current in fiscal year 1976.

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FTC-69

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears						
FY '75	5.5	.7	2.3	8.5	170,600	2,500	6,300	-	9,300	175,900
FY '76	5.7	.6	2.2	8.5	188,100	2,900	11,600	7,000	21,500	209,600

Additional comments:

PROGRAM SUMMARY

Management Support to
 Program Name: Consumer Protection Program No: T01 Date Prepared: 4-25-75

Description of Problem Area Management Information:

The Consumer Protection Mission has a large volume of cases in various stages of investigation and adjudication that must be monitored by participating managers for status and progress against resource expenditures. The Commission-wide Management Information system needs to be expanded and refined to provide and integrate information on:

- | | |
|---|----------------------------|
| (1) Case and project status | (5) Budget preparation |
| (2) Analysis of all current cases | (6) Program planning |
| (3) Resource planning and staff assignments | (7) Legal research |
| (4) Budgetary control and analysis | (8) Administrative support |

Program Objectives

1. Provide periodic, timely information concerning the status of cases, projects, rules and guides by expanding the existing automated case resource allocation system.
2. Provide timely information on manpower utilization at the case/project/program level.
3. Provide ongoing computer support to the basic administrative functions which support this mission's work, including: personnel, payroll, budget, accounting, property and operational planning information.
4. Conduct a study to seek improvement in the legal and economic search procedures and techniques of the FTC legal staff.
5. Examining the mission's long range data processing requirements.

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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/ Economist	Other Professional	Clerical	Total Manyears Dollars	Travel	Program Contracts	Other Expenses	Total Operating Expenses	
FY '75	-	5.9	1.5	7.4 125,257	-	98,910	12,302	111,212	236,469
FY '76	-	5.7	1.5	7.2 130,900	1,600	135,000	45,750	182,350	313,250

Additional comments:

ECONOMICS ACTIVITIES MISSION
RESOURCE ESTIMATES SUMMARY

PTC-71

Program Code	Program Description	1975 RESOURCE ESTIMATES					1976 RESOURCE ESTIMATES						
		Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars	Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars
<u>Direct Mission Activities:</u>													
P01	Quarterly Financial Reports.....	60.0	48.2%	\$772,900	\$295,940	\$1,068,840	36.2%	55.0	45.0%	\$682,100	\$365,800	\$1,047,900	30.9%
P02	Market Structure Studies.....	13.9	11.2	247,400	14,000	261,400	8.8	13.0	10.7	255,400	50,000	305,400	9.0
P03	Industry Studies.....	17.1	13.7	335,600	29,500	365,100	12.4	15.8	12.9	334,500	76,900	411,400	12.1
P06	Statistical Reports - Evaluations.....	6.0	4.8	81,500	7,300	88,800	3.0	8.0	6.5	105,400	13,300	118,700	3.5
P09	Line of Business.....	9.3	7.5	163,700	111,500	275,200	9.3	14.2	11.6	252,600	151,400	404,000	11.9
Other Direct Mission Resources.....		18.2	14.6	505,219	330,164	835,383	28.2	16.2	13.3	453,439	516,476	969,917	28.7
Allocation.....		2/			61,383	61,383	2.1				130,433	130,433	3.9
TOTAL.....		124.5	100.0%	\$2,106,319	\$849,787	\$2,956,106	100.0%	122.2	100.0%	\$2,083,439	\$1,304,311	\$3,387,750	100.0%

1/ Includes space rental, equipment rental, supplies and equipment etc. as well as the administration and management of the Bureau of Economics. These costs are not directly associated with individual programs.

2/ Includes telecommunications and postage not allotted to specific programs or bureaus.

ECONOMIC ACTIVITIES MISSION (CONT'D)
RESOURCE ESTIMATE SUMMARY

Program Code	Program Description	1975 RESOURCE ESTIMATES					1976 RESOURCE ESTIMATES						
		Total Man- Years	Percent of Mission Support Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars	Total Man- Years	Percent of Mission Support Man-Years	Salaries. and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars
Mission Support Activities:													
U01	Management Support to Economic Activities.....	7.4	36.8%	\$126,124	\$31,614	\$157,738	42.1%	6.8	36.5%	\$121,100	\$110,200	\$231,300	48.5%
T03	Office of the General Counsel.....	2.9	14.4	57,528	8,763	66,291	17.7	2.6	14.0	55,087	9,478	64,565	13.5
T04	Office of the Secretary.....	9.8	48.8	104,940	45,925	150,865	40.2	9.2	49.5	105,734	75,651	181,385	38.0
	Subtotal.....	20.1	100.0%	288,592	86,302	374,894	100.0%	18.6	100.0%	281,921	195,329	477,250	100.0%
	TOTAL MISSION RESOURCE ESTIMATES.....	144.6		\$2,394,911	\$936,089	\$3,331,000		140.8		\$2,365,360	\$1,499,640	\$3,865,000	

**ECONOMIC ACTIVITIES
NARRATIVE MISSION SUMMARY**

The Economics Activities mission has two principal components. First, it collects economic and financial statistics and prepares aggregate reports on competition in the American economy. In this respect, the most important program is the Line of Business financial statistics program. Second, it conducts investigations into competitive conditions and business conduct in selected industries.

Financial and Statistical Reporting

A major effort of this mission will be the collection, analysis, and publication of aggregate economic statistics on the manufacturing, wholesale and retail trade, and mining sectors.

The most important statistical reports activity during fiscal 1976 will be continued implementation of the Commission's Line-of-Business (LB) Reporting Program, approved in final form by the Commission in fiscal 1974. The initial round of data collection was initiated in August 1974. It requests, by line-of-business, a company's sales, direct costs, advertising and promotion expenditures, research and development outlays, and assets. After aggregation, these data will be published in a report in mid-fiscal 1976. The collection effort simultaneously provides an opportunity to perfect, in cooperation with reporting firms, the definitions and forms for subsequent years' programs.

In early fiscal 1976, the second round of questionnaires is expected to be mailed. These will ask each corporation to provide a complete report on its sales, costs, and profits by line-of-business. Consultations between Division of Financial Statistics personnel and the surveyed companies will be sustained to resolve remaining cost accounting problems. During fiscal 1976, the Commission expects to publish its first full report on line-of-business performance and profitability. This will be a milestone in the analysis of the American economy. It will substantially increase the quality of information available concerning corporate financial performance on an industry-wide basis.

Other major statistical reports include the Quarterly Financial Report (QFR) series and the annual Report on Mergers and Acquisitions. Both programs have been expanded in coverage and improved in accuracy during the past two years. In addition, data from the Corporate Patterns Survey, analyzing 1972 sales by product class for the 1,000 largest manufacturers, will be processed.

Industry Analysis

A second major effort of the Economic Activities mission will be in-depth studies of business conduct in several industries. The results of these staff studies may include recommendations for changes in the Commission's enforcement policies or for modifications in existing laws.

Among the studies begun in fiscal 1975 and reaching full momentum in fiscal 1976 will be:

- An in-depth analysis of technology, comparative costs, pricing behavior, and performance of the U.S. steel industry in its international context.
- A study of the effects of market power, with special focus on the relationship of concentrated industry pricing policies to the problems of inflation and recession.
- An evaluation of published data from the initial Line-of-Business survey, drawing appropriate factual inferences and developing suggestions for methodological improvements and refinements.
- An examination of barriers to competitive entry in the American economy, including an analysis of concepts and evidence.

In addition to these new activities, the Commission will continue its special studies in a number of selected industries. It will also work on such subjects as product quality, consumer information, and advertising.

PROGRAM SUMMARY

Program Name: Quarterly Financial Report

Program No: F01

Date Prepared: 4-23-75

Description of Problem Area The Quarterly Financial Report series is processed and published by the Division of Financial Statistics. The report involves a survey of approximately 11,000 manufacturing companies each quarter. The sample is drawn from information supplied by the IRS and the Social Security Administration. Companies above \$10 million in assets are permanent members of the sample, while smaller companies are rotated in and out of the sample at regular intervals. Recently the wholesale and retail trade and mining sectors have been assimilated into the program by the addition of 5,000 companies in these two sectors.

The QFR program provides universe estimates of income statement and balance sheet items by size, class, and industry categories. No individual company data are disclosed. The preliminary estimates and final tabulations are used by government officials at the Bureau of Economic Analysis of the Department of Commerce to help estimate GNP, and by the Federal Reserve Board to help make its money market decisions. In addition, QFR statistics are relied on by the Council of Economic Advisers, the SEC, the Joint Economic Committee and other Congressional committees, as well as by a mailing list of 3,379 paid subscribers.

Program Objectives

1. To publish a quarterly report containing universe estimates based on aggregated income statement and balance sheet items collected from approximately 11,000 manufacturing companies, approximately 4,000 wholesale and retail trade companies, and some 1,000 mining companies.
2. To provide preliminary estimates and special tabulations to selected government users on a timetable consistent with their needs.

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FTC-15

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	1.0	31.0	27.0	60.0	772,900	1,000	160,000	134,940	295,940	1,068,840
FY '76	1.0	28.0	26.0	55.0	682,100	2,200	194,400	169,200	365,800	1,047,900

Additional comments:

PROGRAM SUMMARY

Program Name: Market Structure Studies

Program No: F02

Date Prepared: 4-23-75

Description of Problem Area There is a great need for better information on the relationship between the structure of industries (seller and buyer concentration, barriers to entry, etc.) and their performance (profitability, efficiency, progressiveness, etc.). Since the Commission seeks to allocate its antitrust resources to cases and projects of the greatest economic importance, identification of those industries with apparent anticompetitive structure, conduct, or practices is necessary. The line-of-business and corporate patterns programs will provide data of a much higher quality than has previously been available. The staff will use the data (at an industry level of aggregation) to improve our basic understanding of the relationship between market structure and performance. The inflation and "X-inefficiency" (see below) studies will enable the Commission to get a more accurate picture of true market performance in the U.S. economy. The energy sector will be a focus of public policy for some years to come. Comprehensive data and analysis of the structure and performance of these industries is required to serve as a basis for sound antitrust policy and for Commission recommendations to the Congress.

Program Objectives

1. Analysis of Line of Business (LOB) Survey Information. The LOB form has been developed to give the Commission greatly improved aggregated data on profits, advertising expenditures and R&D expenditures. Industry Analysis staff will use the data to test the basic market structure-performance hypotheses in a more satisfactory manner than has previously been possible.
2. Inflation and Market Structure - A study of pricing behavior in concentrated and unconcentrated industries, before, during, and after the recent price controls.
3. Barriers to Entry Study - An intensive effort to improve the conceptual bases for, and provide evidence on, barriers to new competition in selected important industries.
4. Corporate Patterns Survey - The proposed survey covering census year 1972 is designed to be the first of a series of quinquennial surveys which would be conducted jointly with the Censuses of Manufacturers, Mineral Industries and Business. The principal data collected will be the value of shipments by 5-digit SIC product class in manufacturing, along with sales by major group, classification (2-digit SIC) in nonmanufacturing. Staff will use the data to analyze the relationship between the size of a firm and the extent of its diversification, the market structure of the industries it participates in, etc.
5. Energy Industries - Economists and lawyers are engaged in a major study of the energy industries. Study efforts will focus on the structure and performance of the four primary fuel industries: crude oil, natural gas, coal and uranium.
6. "X-Inefficiency" - The most important economic loss to society resulting from monopoly power may well be inefficiently high production costs, rather than the traditional "welfare loss" calculated by economists. The goal of this study is to measure these costs in several important industries.
7. Other Studies - This includes a study of the use of market share instability as a measure of market structure and a study of how different accounting practices may affect the comparability of profit rates across industries.

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FTC-76

Resource Requirements	Personnel			Operating Expenses				PROGRAM TOTAL (\$)		
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	6.6	1.6	5.7	13.9	247,400	3,500	8,000	2,500	14,000	261,400
FY '76	6.5	1.2	5.3	13.0	255,400	7,000	18,000	25,000	50,000	305,400

Additional comments:

PROGRAM SUMMARY

Program Name: Industry Studies

Program No: F03

Date Prepared: 4-23-75

Description of Problem Area

The goal of the industry studies program is to identify and analyze current or potential areas of "market failure" - industries where performance is notably deficient - and to identify possible remedies. While market structure studies improve the FTC's knowledge of overall relationships, the individual industry studies are likely to lead to specific staff recommendations to the Commission for policy measures to improve performance. Industry studies may be done on either a short-term basis, using publicly available data, or as longer-term investigations, collecting original data through the Commission's 6(b) subpoena powers. As well as providing a basis for policy concerning individual industries, these studies also yield analytical insights into how industrial and commercial markets function and malfunction.

Program Objectives

1. The World Steel Industry - An investigation of present and potential competitive relationships in an industry where foreign trade bulks large. The study will increase the Commission's expertise in dealing with industries that transcend national borders.
2. Pricing and Market Structure in Food Retailing - The staff will complete studies of profit performance in several specific food industries, along with an analysis of local market concentration in food retailing. Work will begin to update the 1966 staff reports on food manufacturing and food retailing.
3. Prescription Drug Study - This study focuses on the relationship between the number and sizes of firms selling therapeutically equivalent drugs and the amount each manufacturer spends to promote its product.
4. Electrical Equipment Study - This is an investigation to determine whether the "conduct" oriented remedy adopted by the court in the conspiracy trial of 1960 was effective. The question is, can a conduct remedy which does not alter the basic structure of an industry change performance? Information will be sought from some 50 companies in 10 product lines.
5. Survey Reports - The staff plans to initiate a series of industry reports, to be updated at regular intervals, on selected industries. These reports will rely on public data to analyze current structure and performance. The objective is to develop an extensive data base to support the timely economic analysis of mergers, conduct questions, proposed legislation impacting individual industries, and the like.

FTC-77

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Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/ Economist	Other Professional	Clerical	Total Manyears Dollars	Travel	Program Contracts	Other Expenses	Total Operating Expenses	
FY '75	10.5	1.2	5.4	17.1 335,600	10,000	12,000	7,500	29,500	365,100
FY '76	9.7	1.0	5.1	15.8 334,500	14,500	31,400	31,000	76,900	411,400

Additional comments:

PROGRAM SUMMARY

Program Name: Statistical Reports/Evaluations

Program No: FOC

Date Prepared: 4-23-75

Description of Problem Area

The program comprises a series of data gathering projects dealing with corporate structure and mergers. In the merger series, information is gathered from public and confidential sources on mergers and acquisitions, both domestic and foreign, and on joint ventures. This information is tabulated and published in a yearly report, FTC Statistical Report on Mergers and Acquisitions.

The Corporate Patterns Report, through reports submitted by individual companies, will furnish information on market shares and diversification.

The Aggregate Concentration Report is an annual report prepared, using QFR data, to analyze changes in the concentration of assets held by the largest domestic manufacturing corporations.

Also, under the program, statistical data banks on industrial structure and performance are maintained for use in enforcement and industry analysis programs.

Program Objectives

The overall objective of the program is to improve the data base for economic research both inside and outside the agency:

1. Merger series - to provide as complete and accurate a list as possible of mergers, acquisitions, and joint ventures occurring during the year, publishing the data in an annual statistical and analytic report.
2. Corporate Patterns Report - to gather market share and corporate identification information from individual companies, tabulating it to provide material for policy planning, diversification analyses, studies of leading participant changes over time, and other structural research in the agency and for use by other interested parties.
3. Aggregate Concentration Report - Using QFR data, to prepare an annual report analyzing changes in the concentration of assets held by the largest U.S. manufacturing corporations.
4. Other - to develop and maintain statistical data banks on industrial structure and performance for the support of both enforcement and industry analysis programs.

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FTC-78

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	1.0	1.0	4.0	6.0	\$1,500	-	2,300	5,000	7,800	
FY '76	1.0	1.0	6.0	8.0	105,400	-	5,200	8,100	118,700	

Additional comments:

PROGRAM SUMMARY

Program Name: Line of Business

Program No: F09

Date Prepared: 4-23-75

Description of Problem Area

The Line of Business Program is designed to provide information on large firms' performance in carefully defined lines of activity. The increasing diversity of the largest firms has made corporate annual reports a seriously deficient source for such information. Data received from the firms will be aggregated prior to publication in order to assure the confidentiality of all individual company data. The program was implemented with a first mailing to selected large corporations in early fiscal year 1975, with the first published report expected in early fiscal year 1976.

Program Objectives

1. To institute and publish a report of aggregated statistics on the line of business categories for large manufacturers, and to provide tabulations for FTC economic reports and policy planning needs.
2. To improve the operations of the capital market through wider availability of better information on profitability by line of business.
3. To promote more rational antitrust policy through the input of better information on business performance variables such as profits, sales promotion, advertising, and research and development.
4. To help the accounting and economic communities recognize their common interest and needs.

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FTC-79

Resource Requirements	Personnel			Operating Expenses				PROGRAM TOTAL (\$)		
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts			
				Manyears	Dollars					
FY '75	1.0	7.5	1.0	8.3	163,700	8,900	65,000	17,000	111,500	272,200
FY '76	1.0	11.2	2.0	14.2	252,000	6,700	102,500	42,200	151,400	404,000

Additional comments:

PROGRAM SUMMARY

Management Support to
 Program Name: Economic Activities Program No: 101 Date Prepared: 4-23-75

Description of Problem Area Management Information: The Economic Activities Mission performs complex economic studies supporting Commission objectives which must be monitored by managers for status and progress. The management information system to support this effort must provide information to meet the needs of: (1) Case and Project status; (2) Analysis of all current projects; (3) Resource planning and staff assignments; (4) Budgetary control and analysis; (5) Budget preparation; and (6) Program planning. This budget allocates the cost of these management information systems to the mission according to its usage of each system.

QFR: The Commission is responsible for collecting, assembling, and publishing data for the Quarterly Financial Report. Data processing supports this function. **LOB:** The Line-of-business report is a new function that will require extensive system design assistance as well as operational support.

Program Objectives

1. Develop and implement an automated line-of-business system to tabulate data for Commission and Congressional review.
2. Develop QFR system enhancements to improve data security and increase operating efficiency.
3. Provide periodic, timely information concerning the status of cases and projects by expanding the capabilities of the existing Case/Project Tracking System.
4. Provide technical assistance regarding the automation of additional functions or activities.
5. Provide ongoing computer support to basic administrative functions: personnel, payroll, budget, accounting, property, and operational planning.
6. Review five year requirements for data processing and recommend a cost effective approach in light of the Commission's total data processing requirements.
7. Prepare a comprehensive security program for Line of Business and QFR information systems.

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PTC-80

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total Manyears	Dollars	Travel	Program Contracts	Other Expenses		
FY '75	-	5.9	1.5	7.4	126,124	-	26,376	5,238	31,614	157,738
FY '76	-	5.3	1.5	6.8	121,100	300	32,400	77,500	110,200	231,300

Additional comments:

EXECUTIVE DIRECTION AND POLICY PLANNING MISSION
RESOURCE ESTIMATES SUMMARY

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WDC

Program Code	Program Description	1975 RESOURCE ESTIMATES					1976 RESOURCE ESTIMATES						
		Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Program Costs	Percent of Direct Mission Dollars	Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Program Costs	Percent of Direct Mission Dollars
<u>Direct Mission Activities:</u>													
Q01	Commissioners' Offices.....	45.0	60.8%	\$1,009,896	\$181,605	\$1,191,501	57.5%	45.0	61.2%	\$1,042,475	\$254,816	\$1,297,291	58.2%
Q02	Office of Public Information.....	8.0	10.8	158,050	106,643	264,693	12.8	8.0	10.9	162,023	119,055	281,078	12.6
Q03*	Office of Policy Planning & Evaluation.....	16.0	21.6	326,664	71,116	397,780	19.2	15.5	21.1	322,269	38,109	360,378	16.2
Q04	Immediate Office of the Executive Director.....	5.0	6.8	109,684	106,904	216,588	10.5	5.0	6.8	111,175	179,159	290,334	13.0
	SURVZAL.....	74.0	100.0%	\$1,604,294	\$466,268	\$2,070,562	100.0%	73.5	100.0%	\$1,637,942	\$591,139	\$2,229,081	100.0%

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C7

* 2.0 Man-Years in 1975 and 2.5 man-years in 1976 and the corresponding dollars are included in Occupational Licensure (J09) in the Consumer Protection Mission.

EXECUTIVE DIRECTION AND POLICY PLANNING MISSION (CONT'D)
RESOURCE ESTIMATES SUMMARY

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PGC-42

Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man- Years	Percent of Mission Support Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars	Total Man- Years	Percent of Mission Support Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Mission Support Dollars
<u>Mission Support Activities:</u>													
Q05	Management Support to Executive Direction.....	1.9	11.1%	\$33,398	\$26,935	\$60,333	18.8	1.9	7.4%	\$34,400	\$37,600	\$72,000	14.1%
Q11	Freedom of Information Act.....	15.2	88.9	258,105	2,000	260,105	81.2	23.9	92.6	436,919	3,000	439,919	85.9
	SUMTOTAL.....	17.1	100.0%	291,503	28,935	320,438	100.0	25.8	100.0%	471,319	40,600	512,919	100.0%
	TOTAL MISSION RESOURCE ESTIMATES.....	91.1		\$1,895,797	\$465,203	\$2,391,000		99.3		\$2,109,261	\$631,799	\$2,741,000	

EXECUTIVE DIRECTION AND POLICY PLANNING NARRATIVE MISSION SUMMARY

In fiscal 1976, the Commission will continue to strengthen its policy development and evaluation activities, and refine its program planning and budget execution capabilities. These provide the major means for directing the Commission's staff in carrying out their program activities.

Policy Planning

In the area of policy planning and evaluation, the Commission will be increasing its use of cost/benefit analysis where appropriate as one major criterion in making its resource allocation decisions among, and assessing effectiveness of, various programs. As a direct outflow of its policy planning decisions, the Commission will continue its periodic review of the staff's progress in each individual program. In these reviews, conducted on a formal semi-annual basis with ad hoc assessments as needed, the Commission will indicate to the staff its policy decision for use in executing each program, make changes in program emphasis for the next operating period, and reduce or delete programs it feels have been completed successfully or proven unsuccessful to the point where additional expenditures of resources are unwarranted. In addition, the Office of Policy Planning and Evaluation will continue to serve in a "research and development" capacity by generating specific new enforcement programs, as it did in fiscal 1974 and 1975 by leading the Prescription Drug Task Force. Finally, emphasis will be placed on efforts to evaluate the effectiveness of Commission programs and cases.

Executive Management

The Commission's new management information system that supports its policy planning and budgeting decisions will be fully operational in fiscal 1976. Fiscal 1976 will mark the first time the Commission will have the benefit of integrated executive direction, policy planning, and management support tools for an entire fiscal year. Accordingly, it will be better positioned to evaluate and select those areas of highest national concern and develop and execute more effective programs to foster the free enterprise system.

Office of the Secretary*

The Secretary's Office will provide support to antitrust litigation, giving particular attention to the maintenance and retrieval of the large volume of documentary evidence and other legal papers expected to be filed with the Commission in its litigation against the eight major petroleum companies.

* Resources for this Office are included proportionally under the Commission's enforcement missions.

Continued public interest in the activities of the Federal Trade Commission and the passage of the Freedom of Information Act (FOIA) are placing even greater demands upon the staff to provide accurate and timely information to the public. Access requests granted by the Commission have become more complex in scope and have tripled in number over the past year.

Office of the General Counsel*

The Office of the General Counsel's support activity to the Commission is expected to increase in fiscal 1976, with particular emphasis on litigated matters. This budget requests six additional positions for the General Counsel, which will support the increased antitrust enforcement activity the Commission expects to undertake during fiscal 1976, as well as deal with an expected increased volume of FOIA requests and appeals.

Office of Administrative Law Judges*

Complaints issued by the Commission and tried by the Commission's administrative law judges involve matters which are among the most complex and important arising in the field of antitrust enforcement. The factual and legal issues raised are often controversial relating to difficult financial, economic, and industrial questions. The Commission's cases are usually highly significant because of their actual or potential impact upon the public, the economy, and competitive business relationships within important industries. Examples of two such matters now in adjudication are Exxon Corporation, et al., involving the operations of eight major petroleum companies, and Kellogg Company, which involves the major breakfast cereal manufacturers.

Past experience has demonstrated that attorneys at lower GS-grade levels can be of substantial service to our judges by assisting in the preparation of initial decisions and rulings on interlocutory motions. Such personnel can be especially helpful in performing legal research and in providing record support for factual findings in initial decisions. Relieving the judges of these time-consuming details will enable them to devote more time to adjudicatory hearings, thus increasing the effectiveness of each judge. Accordingly, two additional attorney positions and one clerical position are needed in fiscal 1976 to assist the administrative law judges in fulfilling these responsibilities.

* Resources for this Office are included proportionally under the Commission's enforcement missions.

PROGRAM SUMMARY

Program Name: Policy Planning and Evaluation Program No: Q03

Date Prepared: 4-23-75

Description of Problem Area

The Office of Policy Planning and Evaluation is responsible for the development of analytical legal and economic studies and reports for the Commission including recommendations directly to the Commission as to what problem areas are worth programmatic attention, and the appropriate level of resource commitment among the Commission's programs in order to best serve the public interest. This Office works closely with the Office of the Executive Director and with the bureau directors in evaluating and coordinating the overall work of the Commission and in developing its budgetary requirements. Its functions include particularly the systematic review of Commission policies and programs, with emphasis on initiating new proposals and evaluating bureau proposals.

Program Objectives

1. Assist the Commission in developing policy planning protocols for case selection.
2. Initiate selected new programs and prepare memoranda for each setting out a description of the conduct that is arguably offensive, the theory by which it might be unlawful and the consumer benefits that should derive from Commission relief.
3. Assess results and impact of completed programs and cases in terms of their cost effectiveness.
4. Prepare semi-annual budget reports by which the Commission's enforcement priorities are assessed and evaluated, and in which re-direction of programs may be suggested.
5. Evaluate the public policy implications of selected important matters proposed to the Commission for formal action.

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FTC-65

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	7.0	6.0	3.0	16.0	326,664	5,700	33,000	30,416	371,116	
FY '76	7.0	5.1	3.0	15.1	322,269	9,092	-	29,017	352,102	

Additional comments:

PROGRAM SUMMARY

Management Support to
Executive Direction

Program No: 205

Date Prepared: 4-22-75

Description of Problem Area The Executive Director, as the agency's operating manager, generates and processes information on all aspects of the Commission's activities. He is responsible for the analysis of workload and expenditure information and accomplishments against plans.	
The Public Information function assures the essential accuracy and timeliness in the distribution of news releases which are intended to foster public awareness of the Commission's enforcement activities.	
As the Commission's official source of legal and public records, the Secretary maintains accurate information on current and historical activities of the Commission.	

Program Objectives

1. Provide ongoing computer support for the Commission's Mailing System.
2. Provide periodic timely and accurate information concerning the status of cases, projects, rules and guides by expanding the existing Case/Project Tracking System.
3. Provide ongoing computer support to basic administrative functions which support Office of Executive Director: personnel, payroll, budget, accounting, property and operational planning.

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FTC-86

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/ Economist	Other Professional	Clerical	Total Manyears Dollars	Travel	Program Contracts	Other Expenses	Total Operating Expenses	
FY '75	-	1.4	.5	1.9 33,398	-	23,138	3,797	26,935	60,333
FY '76	-	1.4	.5	1.9 34,400	200	21,600	15,800	37,600	72,000

Additional comments:

PROGRAM SUMMARY

Program Name: Freedom of Information Act

Program No: Q-11

Date Prepared: 4-23-75

Description of Problem Area

The Freedom of Information Act requires federal agencies to make their records available to the public upon request unless the record is exempt under one of nine categories. Commission rules provide that all initial requests for access are to be processed by the 11-member FOI Unit recently established in the Office of the Secretary. An appeal from those determinations may be taken to the Commission itself. It is the responsibility of the General Counsel to advise the Commission concerning the proper disposition of such appeals. This involves a legal analysis of the statutory basis for denying or granting access as well as an evaluation of relevant policy considerations. Recent amendments to the Information Act place substantial administrative burdens on the entire access process. For example, requests must be processed within 10 days, appeals must be dispatched within twenty working days of receipt and sanctions may be imposed for improper withholding of

(Continued Below)

records. Consequently, the Secretary and General Counsel must perform their advisory functions under significant time and other constraints.

In addition to this appeal function, the OGC also serves as an informal legal advisor to the Secretary's FOI Unit. Moreover, once the administrative process is complete, it is responsible for defending the Commission against suits brought under the FOIA seeking to enjoin the withholding records.

The unit in the Secretary's Office has the responsibility to respond to the access requests within ten working days. To accomplish that objective, each member of the unit must be thoroughly trained in the meaning of the FOIA, as amended, so that the unit can expeditiously fulfill the requirements of the law and be responsive to the requests of the general public.

PROGRAM OBJECTIVES

To insure compliance with the FOIA administrative and substantive requirements and to develop procedures for implementing such requirements. To render legal advice to the various components of the Commission when requested and to represent the Commission in court as needed.

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PTC-87

Resource Requirements	Personnel					Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses	Total Operating Expenses		
				Manyears	Dollars						
FY '75	4.5	3.8	6.9	15.2	258,105	2,000	0	0	2,000	260,105	
FY '76	7.5	5.0	11.4	23.9	436,919	3,000	0	0	3,000	439,919	

Additional comments:

ADMINISTRATION AND MANAGEMENT MISSION
RESOURCE ESTIMATES SUMMARY

Program Code	Program Description	1975 RESOURCE ESTIMATES						1976 RESOURCE ESTIMATES					
		Total Man-Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars	Total Man Years	Percent of Direct Mission Man-Years	Salaries and Benefits	General Operating Expenses	Total Program Costs	Percent of Direct Mission Dollars
<u>Direct Mission Activities:</u>													
R01	AED-Management.....	2.0	1.4%	\$57,419	\$42,357	\$99,776	3.0%	2.0	1.4%	\$59,125	\$13,119	\$72,244	2.0%
R11	Administrative Systems (Management Division).....	1.1	.8	17,957	26,625	44,582	1.3	.8	.6	14,500	39,490	53,990	1.5
R12	Management Analysis (Management Division).....	11.8	8.3	196,499	-	196,499	6.0	13.7	9.4	241,800	5,900	247,700	6.7
Other Direct Mission Resources (Management Division).....		3.7	2.6	60,019	120,106	180,125	5.4	4.2	2.9	74,985	131,095	186,080	5.1
TOTAL (Management Division) /		16.6	11.7	274,475	146,731	421,206	12.7	18.7	12.9	331,285	156,485	487,770	13.3
R02	Budget & Finance.....	28.0	19.6	404,123	50,320	454,443	13.7	28.0	19.4	419,212	57,547	476,799	12.9
R03	Training and Employee Development (Personnel).....	4.0	2.8	55,574	59,600	115,174	3.5	4.0	2.8	64,131	59,600	123,731	3.4
Other Direct Mission Resources (Personnel).....		28.0	19.6	435,370	61,372	496,742	14.9	28.0	19.3	429,883	85,318	515,201	14.0
TOTAL (Personnel).....		32.0	22.4	490,944	120,972	611,916	18.4	32.0	22.1	494,024	144,918	638,932	17.4
R04	Administrative Services.....	50.0	35.1	704,655	632,535	1,343,190	40.4	50.0	34.5	723,680	816,473	1,540,153	41.9
R05	Library.....	14.0	9.8	186,460	206,009	392,469	11.8	14.0	9.7	191,748	268,394	460,142	12.5
TOTAL MISSION RESOURCE ESTIMATES.....		142.6	100.0%	\$2,118,076	\$1,204,924	\$3,323,000	100.0%	144.7	100.0%	\$2,219,064	\$3,456,936	\$3,676,000	100.0%

/ A substantial portion of the Management Division's budgetary resources are included as support activities under the Maintaining Competition, Consumer Protection, and Economics Activities Missions.

**ADMINISTRATION AND MANAGEMENT
NARRATIVE MISSION SUMMARY**

Part of the work of the Administration and Management mission is that of providing continuing support and service to the Commission and its major operating units -- in the areas of personnel, finance, management analysis, data processing, library support, and general office and administrative services. This support will continue in fiscal 1976 and, wherever possible, the quality of this basic service will be improved.

At the same time, however, the work and character of this mission's activities are evolving as major management improvements are introduced that will change significantly the way in which the Commission's operational planning and budgeting is performed, its resources are allocated, and its staff work monitored, controlled and redirected. This program budget is one example of these changes.

Following a period of need identification and extensive "diagnostic" analysis involving a broad cross section of the Commission's operating attorney/managers and professional staff in the second half of fiscal 1974, fiscal 1975 has been a year of detailed development and initial implementation in several major areas of management improvement, particularly in program budgeting and management information systems. Fiscal 1976 will be the period in which these key management process changes will become fully operational throughout the Commission. These major management improvement efforts are discussed briefly below.

Program Budgeting. This is the first management improvement area which became operational in fiscal 1975, and part of the results may be seen in this budget document. Fundamental to this effort has been the identification of major programs of the Commission and the development -- "from the ground up" -- of the costs associated with those programs and their related planned accomplishments. Already this programmatic approach has strengthened the Commission's decision-making process in selecting relevant program priorities and determining appropriate resource levels. And, while culminating in new budget documents and formats for the Congress, the process also represents a fundamental improvement in the internal management of the Commission's staff and financial resources. As such, it establishes the foundation for program execution throughout the year and the regular periodic assessments of program and financial performance against planned resource expenditures.

Management Information System. Another major management initiative has been the design, development, and installation of Management Information System (MIS) improvements. While data processing and information improvements are being made this current fiscal year in such areas as payroll and personnel, the major MIS thrust has been in three key and interrelated areas: Case/Project Tracking and Status, Operational Planning and Control, and Financial Management.

1. Case/Project Tracking and Status

This project will provide the Commission with an improved ability to oversee and direct its cases, investigations, rule-making activities and special projects and assist bureau and

office heads in their evaluation efforts. This will be achieved through the institution of periodic and on-demand reports of cases and project status, thereby instituting a better means of monitoring the status of cases and projects, and providing operational statistics for comparison with financial and other data.

2. Operational Planning and Control

Improvements in this area will better enable the Commission to plan its resource allocations and periodically compare achievements with planned results. In fiscal 1975, this effort included revising professional staff time and activity reporting, tying the data in that system to revised financial reporting, and relating manpower and dollar expenditures to program results in terms of activities planned and achieved. This information is then provided regularly to the Commission and the senior staff to assist in program decision-making and control.

3. Financial Management

This effort carries forward the work initiated in fiscal 1974 to upgrade accounting procedures and strengthen budgetary controls, particularly in relating obligations to authorized programs, cases and projects. A major need for these improvements stems from further decentralization to the Commission's staff of financial accountability and responsibility for carrying out Commission-approved programs. Thus, not only are the Commission's attorney/managers responsible for program enforcement results, but also for meeting budgetary and financial targets as well.

PROGRAM SUMMARY

Training

Program Name: and Employee Development

Program No: R03

Date Prepared: 04-23-75

Description of Problem Area

The current composition of the Federal Trade Commission includes attorneys, economists, consumer protection specialists, professional administrators and clerical support. The staff, for the most part, possesses the basic skills and abilities required in the performance of their particular jobs. To maintain this level of skill and ability, and equally important, to provide an opportunity for the Commission's staff to grow beyond its present capability, an effective and efficient staff development program is required.

Program Objectives

The proposed level of spending will enable the Federal Trade Commission to provide its staff with training and development programs in several areas. The legal staff consisting of both young, inexperienced attorneys and selected experienced attorneys will be offered programs of continued legal training geared to meet identified needs. The clerical and non professional staff will be provided an opportunity to participate in restructured developmental and upward mobility programs designed to enhance and up-grade the skills they either currently possess or have the potential to attain. And finally, Commission managers, supervisors and promising young executives will be exposed to a variety of new managerial styles and techniques.

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FDC-91

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	-	2.0	2.0	4.0	55,574	-	-	59,600	59,600	115,174
FY '76	-	3.0	1.0	4.0	64,131	-	-	59,600	59,600	123,731

Additional comments:

PROGRAM SUMMARY

Program Name: Administrative Systems

Program No: R11

Date Prepared: 4-23-75

Description of Problem Area: The FTC administrative process functions in support of the operating units. The areas in the administrative systems in need of further improvement include:

- (1) Improved coordination between the procurement function and the accounting function.
- (2) Mechanisms for more accurate and timely budget execution and control.
- (3) More accurate financial planning for manpower planning and position control in the planning and budgeting processes.
- (4) Refined comparisons of applied manpower and costs to planned resource expenditure levels.
- (5) Increased productivity of the Commission's secretarial staff.

Program Objectives

1. Develop the requirements for and implement a Commission-wide financial management system.
2. Provide computer processing support for administrative systems.
3. Continue development of the Personnel Management System.
4. Define the Commission's text processing requirements and develop an implementation plan.
5. Design and develop an automated property management system for purchased equipment.

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FTC-92

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)	
	Attorney/ Economist	Other Professional	Clerical	Total		Travel	Program Contracts	Other Expenses		
				Manyears	Dollars					
FY '75	-	.6	.5	1.1	17,957	-	24,178	2,447	26,625	44,582
FY '76	-	.3	.5	.8	1k,500	200	33,000	6,290	39,490	53,990

Additional comments:

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PROGRAM SUMMARY

Program Name: Management Analysis

Program No: RL2

Date Prepared: 4-23-75

Description of Problem Area

Commission organization and operations require constant study for improvement in management, effective cost analysis, and improved quality of work. Congress, OMB, and the Commission require surveillance and reporting of workload and progress indicators. A continuing review of operations to identify problem areas requiring special study must be instituted in accordance with the requirements of Federal Management Circular #73-2 (Management Audit).

Special studies directed toward improved management methods with special emphasis on cost reduction must be performed as the need is identified.

Program Objectives

1. Selective management audits will be conducted on a pilot basis in fiscal 1976.
2. Identification and implementation of improvements in the FTC text preparation processes from initial typed draft to reproduced or printed copy.
3. Conduct a study to seek improvements in the legal and economic search procedures and techniques of the FTC legal staff and, if applicable, securing necessary contractor support to implement the recommended system.
4. Revision and publication of a new improved FTC Administrative Manual.
5. Development of a plan for and implementation of improvements in the FTC records management methods and procedures, including the storage, retention and retrieval of FTC records.
6. Continuation of the following ongoing activities: maintenance of operating manual, maintenance of a directives log and support to special studies as required.
7. Continuing conduct of space requirements studies in support of planned Agency consolidation.

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FTC-93

Resource Requirements	Personnel				Operating Expenses				PROGRAM TOTAL (\$)
	Attorney/Economist	Other Professional	Clerical	Total	Travel	Program Contracts	Other Expenses	Total Operating Expenses	
				Manyears	Dollars				
FY '75	-	12.3	1.5	11.8	196,499	-	-	-	196,499
FY '76		12.2	1.5	13.7	241,800	5,900		5,900	247,700

Additional comments:

PROGRAM BUDGET DESCRIPTION

This budget request to the Congress for fiscal year 1976 is the Federal Trade Commission's first program budget. This section describes the concept of program budgeting at the Federal Trade Commission, compares this program budget with previous years' budget justifications, and explains how the program budget is organized.

In recent years, the Commission has strengthened its policy planning and management capabilities. This budget reflects the Commission's improved ability to plan, direct, and allocate its staff resources toward more cost effective law enforcement operations. And, it provides the Congress with an opportunity to review the Commission's funding request and make appropriation decisions in a more meaningful, end results-oriented manner.

**Concept of Program
Budgeting at FTC**

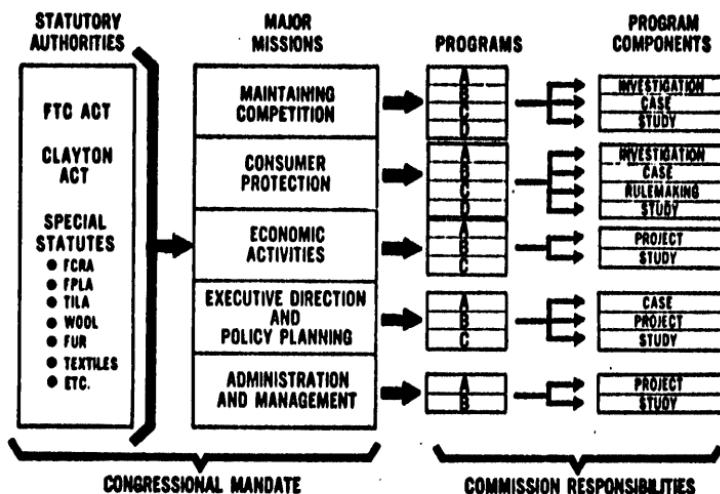
At present, the Federal Trade Commission has responsibilities under the Federal Trade Commission Act and the Clayton Act.*

These statutes dictate the Commission's five missions. The three major operating missions are Maintaining Competition, Consumer Protection, and Economic Activities. In addition, it has two major Commission-wide support missions: Executive Direction and Policy Planning, and Administration and Management. Taken together, these missions represent the major goals of the Commission.

The goals of each mission are accomplished by achieving a number of specific operational program objectives. In turn, each program is composed of one or more of three possible program elements. They are cases and investigations, rulemaking activities, and special projects. These distinct, but complementary, enforcement, deterrent, and economic or legal analysis efforts comprise the Commission's day-to-day staff activities. This concept of Congressionally-mandated statutes and missions directed by Commission program decisions and executed through staff activities on cases, rulemaking activities, and special projects or studies is illustrated in the following conceptual overview.

* In addition, it has enforcement responsibilities for a number of special statutes including the Fair Credit Reporting Act; Magnuson-Moss Warranty - Federal Trade Commission Improvement Act; the Fair Packaging and Labeling Act; the Truth in Lending Act; the Wool, Fur and Textiles Act; the Hobby Protection Act; and the Webb-Pomerene Act. In addition, from time to time, the Commission is called upon to carry out activities under other acts, e.g., the Emergency Petroleum Allocation Act of 1973.

CONCEPTUAL OVERVIEW OF FTC ENFORCEMENT OPERATIONS



By using the program approach, the Commission can focus its cases, projects, and rulemaking activities on specific enforcement program objectives, e.g., elimination of deceptive mileage claims by auto manufacturers, and make its resource allocation decisions accordingly. Periodically, these objectives and related accomplishments are reviewed and program emphases shifted to reflect new facts or changing circumstances, e.g., a consent decree settlement of a major case previously expected to go to trial. And, through its program objectives and resource allocation decisions, the Commission can continually consider the objectives and costs of individual programs and how they will contribute toward achievement of the overall mission goal relative to other program opportunities available to the Commission throughout the year.

Comparison With Previous Years' Budgets

The Commission has traditionally transmitted its budget requests using five broad categories for its enforcement activities in competition, consumer protection, etc. This year these are not simply a collection of cases and projects, but rather are broad missions reflecting specific programs. These five categories are identical with previous years because they are derived from the Commission's statutory mandate. However, in previous budgets the narrative material summarized the Commission's budget request by broadly outlining the activities to be undertaken, and briefly justified the need for the requested increase. It then described in detail the previous year's "base program," which was essentially a brief status report on individual cases and activities. In addition, a number of individual tables by object class, or line item, were included throughout the body of the budget.

In previous years' budgets, the focus was on the organization units of the Commission, their requested personnel and funding levels, and the object classes for which the specific increases were requested. What was lacking, and what this year's budget provides, is the ability to relate Commission activities to program objectives and mission goals. And, in previous years there was no way to identify specifically those program resources requested to support specific enforcement objectives. Accordingly, this year's budget provides the ability to relate resources to objectives, and to understand more fully the cost of each individual Commission program. Last, in this year's budget, most of the statistical and tabular summary charts have been included as appendices to the budget, rather than being scattered throughout the text as in previous years.

Program Budget Organization

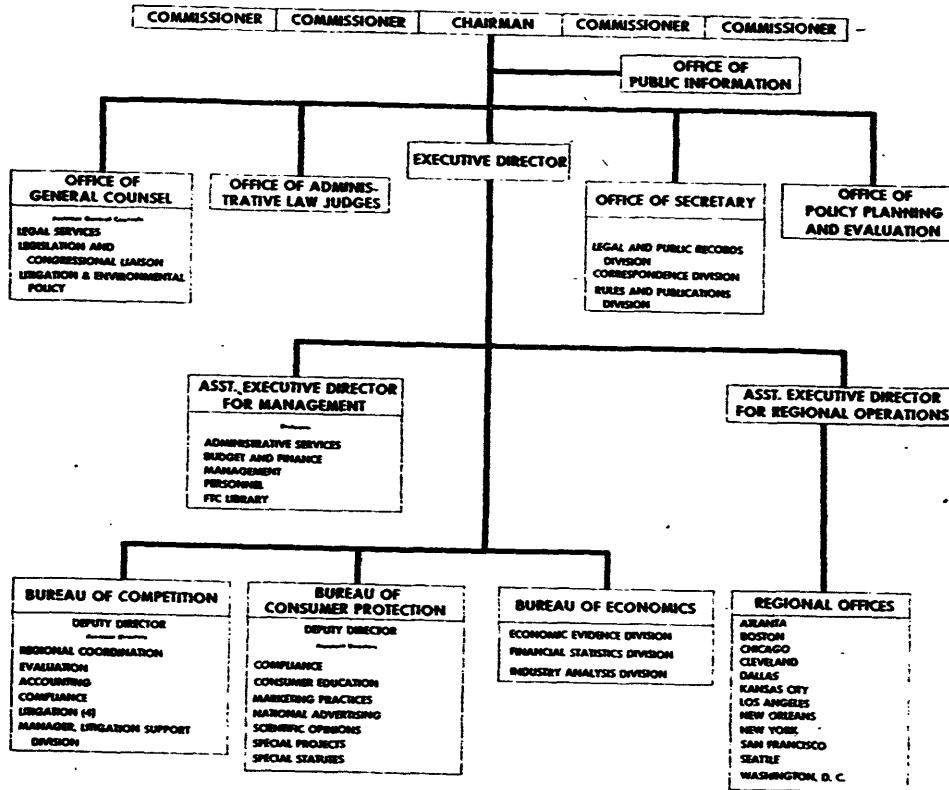
The Commission's program budget is organized in the following manner. First, a brief overview statement is provided that explains the direction and emphasis of the Commission's planned Fiscal 1976 activities. This is followed by a section on each of the five missions--the most important part of this budget.

In each mission section, the reader is provided with a summary of the individual programs comprising the overall mission and their resource requirements. In addition, the mission summary includes those non-programmatic activities that are directly related to the overall mission, but that cannot be allocated readily or meaningfully to individual programs at this time. These include such items as support of the General Counsel's Office in court enforcement activities and litigation, operation of the Office of the Secretary to the Commission, the proportion of the Administrative Law Judges efforts applicable to the mission, support from the Commission's Management Division, and such overhead cost items as space, postage, and telephone services.

Continuing in each mission section, there is a brief narrative summary of the overall mission goals and an explanation of the interrelationship of the individual programs. Then, a program summary is provided for each program in the mission. It contains a description of the problem area the program is designed to address, a statement of the objectives of the program, and an explanation of the program's resource requirements planned for expenditure in Fiscal Year 1975, and requested for expenditure in Fiscal Year 1976, including a detailed breakdown of personnel and operating expenses for each year.

Following the mission sections, the Commission provides information on organization and statutes, an analysis by object classification, prior year program accomplishments, and other appropriation analyses. These materials are included to provide a more thorough analysis as well as some of the more traditional materials included in the Commission's previous budget requests.

FEDERAL TRADE COMMISSION



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**STATUTORY AUTHORITY AND DUTIES OF THE
FEDERAL TRADE COMMISSION**

The Commission exercises enforcement and administrative authority under the Federal Trade Commission Act (38 Stat. 717, as amended; 15 U.S.C. 41-58), the Clayton Act (38 Stat. 730, as amended; 15 U.S.C. 12-27), the Export Trade Act (40 Stat. 516, as amended; 15 U.S.C. 61-65), the Packers and Stockyards Act (42 Stat. 159, as amended; 7 U.S.C. 181-220), the Wool Products Labeling Act (54 Stat. 1128, as amended; 15 U.S.C. 68-68j), the Trade-Mark Act (60 Stat. 427, as amended; 15 U.S.C. 1051-72), the Fur Products Labeling Act (65 Stat. 175, as amended; 15 U.S.C. 69-69j), the Textile Fiber Products Identification Act (72 Stat. 1717, as amended; 15 U.S.C. 70-70k), the Federal Cigarette Labeling and Advertising Act (79 Stat. 282, as amended; 15 U.S.C. 1331-39), the Fair Packaging and Labeling Act (80 Stat. 1298; 15 U.S.C. 1451-61), the Truth in Lending Act (82 Stat. 146, as amended; 15 U.S.C. §1601 *et seq.*), the Fair Credit Reporting Act (84 Stat. 1128; 15 U.S.C. §1681 *et seq.*), the Alaska Pipeline Act (87 Stat. 591, as amended; 15 U.S.C. 45), the Emergency Petroleum Allocation Act (87 Stat. 627; 15 U.S.C. 785), the Hobby Protection Act (87 Stat. 687, 15 U.S.C. §2101 *et seq.*), the Equal Credit Opportunity Act (88 Stat. 1521, 15 U.S.C. §1001 *et seq.*), the Deepwater Port Act of 1974 (88 Stat. 2126; 33 U.S.C. 1501), the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act (88 Stat. 2183), and other Federal statutes.

(1) The Federal Trade Commission Act - Under this Act, the Commission is charged with (a) the prevention of unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce; (b) the conduct of investigations relating to (1) alleged violations of the Antitrust Acts, (2) the manner in which decrees in Antitrust suits brought by the United States have been carried out, and (3) the organization, business, conduct, practices and management of corporations engaged in commerce (with certain statutory exemptions) and their relation to other enterprises; (c) the making of reports and recommendations to the Congress with respect to legislation; and (d) the conduct of trade conferences of industries for the elimination of lawful and unethical business practices.

(2) Clayton Act - Under Sections 3, 7 and 8 of this Act the Commission is charged with the duty of preventing and eliminating unlawful tying contracts, corporate mergers and acquisitions and interlocking directorates. Under the Clayton Act, as amended by the Robinson-Patman Act, the Commission is charged with the prevention of certain specified practices, i.e., unlawful price and related discriminations.

(3) Amendment to Packers and Stockyards Act - The provisions of this amendment extend the Commission's jurisdiction to cover certain matters previously subject to the exclusive jurisdiction of the Secretary of Agriculture.

The amendment, in effect, grants the Commission jurisdiction over the activities of packers not related to livestock, meats, meat products, and the like. The Commission is granted additional power and jurisdiction over all transactions in commerce in margarine and oleomargarine and over retail sales of meat and related products. Other matters involving meat and related products are made subject to

the Commission's jurisdiction where the Secretary requests the Commission to investigate and report or where, under certain circumstances, action by the Commission is necessary to exercise effectively its power or jurisdiction with respect to retail sales of meat and related products.

(4) Export Trade Act - The Commission is responsible for receiving and filing articles of association or incorporation of "associations" organized under the Export Trade Act; investigating their operations which may adversely affect competition within the United States; making recommendations to the associations for readjustments deemed necessary therein; and, where considered appropriate, making recommendations to the Attorney General for penal action.

(5) Wool Products Labeling Act - Under this statute the manufacture for introduction into commerce, or the introduction, sale, transportation or distribution, in commerce, or the importation into the United States of misbranded wool products, is unlawful, and constitutes an unfair method of competition and an unfair and deceptive act and practice under the Federal Trade Commission Act. The Commission is authorized to make inspections, analyses, tests and examinations of all wool products subject to the Act and to make such rules and regulations as may be necessary and proper for the administration and enforcement of the Act. In addition, the Commission is also empowered under the statute to prevent the movement of misbranded wool products in commerce by injunction and to proceed by libel action in certain cases for condemnation of such products.

(6) Lanham Trade-Mark Act of 1946 - Under this statute it is the duty of the Commission to make applications for the cancellation of registered trade-marks under certain specified conditions. The Commission, as applicant, must secure the proper evidence on which the application for cancellation is based, prepare the application, stating the grounds relied upon, be represented at the hearing before a Patent Office examiner for the purpose of presenting such evidence and otherwise prosecute the matter to a conclusion.

(7) Fur Products Labeling Act - The Commission is charged with the administration and enforcement of this consumer legislation which requires the labeling of fur articles of wearing apparel, as well as truthful invoicing and advertising of furs and fur products to show, among other things, the true English name of the animal from which the fur was taken and whether the fur is dyed or used. The Commission is also charged with issuing a Fur Product Name Guide and is authorized and directed to cause compliance inspections, analyses, tests and examinations to be made of furs and fur products subject to the Act and to prescribe rules and regulations governing the manner and form of disclosing required information under the Act. In addition to administrative enforcement, injunctive and condemnation proceedings are also provided for.

(8) Textile Fiber Products Identification Act - This additional "truth-in-fabrics" legislation takes up where the Wool Products Labeling Act leaves off. It became effective March 3, 1960, and covers the broad field of mandatory content disclosure in labeling, invoicing and advertising of textile fiber products. Under its terms, misbranding as well as false and deceptive invoicing and advertising of textile fiber products is unlawful.

The Commission is authorized, under the Act, to make inspections, analyses, tests, and examinations of all textile fiber products subject to the statute, and further, to make such rules and regulations as may be necessary and proper for administration and enforcement of the Act. In addition, the Commission is directed to establish generic names for those man-made fibers which have not as yet attained one.

Its enforcement is to be carried out through administrative procedures provided for under the Federal Trade Commission Act, together with injunction and criminal proceedings in the U.S. District Courts.

(9) Federal Cigarette Labeling and Advertising Act of 1966 - This Act became effective on January 1, 1966, and was amended by the Public Health Cigarette Smoking Act of 1969, which took effect on January 1, 1970. Both Acts required the Commission to submit annual reports to the Congress concerning (a) the effectiveness of cigarette labeling, (b) current practices and methods of cigarette advertising and promotion, and (c) recommendations for legislation.

The 1969 Act provided that seven months after enactment cigarette packages manufactured, imported or packaged, must bear the statement, "Warning: The Surgeon General Has Determined that Cigarette Smoking Is Dangerous to Your Health."

(10) Fair Packaging and Labeling Act - This Act requires the Commission to issue regulations having the force of law respecting net contents disclosures, identity of commodity, and name and place of business of manufacturer, packer or distributor; and the Act authorizes additional regulations when necessary to prevent consumer deception or facilitate value comparisons in respect to declaration of ingredients, slack fill of packages, use of "cents-off" or lower price labeling, and characterization of package sizes. The Act became effective July 1, 1967, and gives the Commission responsibility for consumer commodities other than food, drugs, therapeutic devices and cosmetics. Violations of regulations issued under the Act will be treated as violations of Section 5 of the Federal Trade Commission Act.

(11) Truth in Lending Act - This Act (Title I of the Consumer Credit Protection Act) delegates to the Commission, effective July 1, 1969, enforcement responsibility as to business generally for compliance with this new consumer credit disclosure statute. The Act requires all consumer creditors to make detailed written disclosures concerning all charges and related aspects of the transaction, including disclosure of finance charges expressed as a simple annual percentage rate, before consummation of the sale or loan, and before the account is opened and on every periodic statement in the case of open-end or revolving creditors. The Act also contains specified requirements for any advertisement containing a credit representation, and it includes a three-day right of rescission in any transaction involving a security interest (except first mortgage) in the consumer's residence.

The Truth in Lending Act was amended on October 28, 1970, to prohibit the issuance of unsolicited credit cards. The Act was further amended by the Fair Credit Billing Act which, effective October 28, 1975, provides for prompt written

acknowledgement of consumer billing complaints and reinvestigation of billing errors by creditors sending periodic billing statements. The amendment prohibits such creditors from taking action which adversely affects the consumer's credit standing until the reinvestigation is made, prohibits creditors from reporting to third parties that disputed amounts are past due until the reinvestigation has been completed and requires that reports to third parties indicate that the amount is disputed when that is the case. The Fair Credit Billing Act further requires the creditor to mail periodic statements at least 14 days before the due date, to promptly post payments to the debtor's account, and refund overpayments or credit them to the debtor's account. Finally, the Act requires sellers to promptly notify credit card issuers of the return of goods or services purchased on such accounts and limits the application of the holder-in-due-course doctrine in credit card transactions. The Truth in Lending Act provides that a violation of the Act or any implementing regulation shall be deemed a violation of the Federal Trade Commission Act, irrespective of whether the violator is engaged in commerce or meets any other jurisdictional test in the Federal Trade Commission Act.

(12) Fair Credit Reporting Act - The Fair Credit Reporting Act, effective April 25, 1971, represents the first Federal regulation of the consumer reporting industry. Its basic purpose is to ensure that consumer reporting companies such as credit bureaus exercise their responsibilities in providing information to credit grantors, insurers, employers and others in a manner that is fair and equitable to the consumer, with regard to confidentiality, accuracy, and the proper use of such information. Users of such information must inform the consumer when adverse action (such as denial of credit, insurance or employment) is taken on the basis of such reports, and the user must identify the company which is the source of the report so that its accuracy and completeness can be verified by the consumer.

(13) Emergency Petroleum Allocation Act - This Act of 1973 calls for submission by the President to the Commission and Attorney General of proposed regulations governing mandatory allocations of crude oil, residual fuel oil, and each refined petroleum product. At least seven days prior to the effective date of such regulations the Commission and the Attorney General are to report to the President whether the regulations would tend to create or maintain anticompetitive practices or situations inconsistent with the antitrust laws. They also are to propose alternatives to avoid or overcome such effects while achieving the purposes of the Act. For 45 days after the regulations become effective the Commission is to monitor their implementation and 60 days after the effective date the Commission is to report to the Congress and to the President respecting the effectiveness of the Act and of the actions taken.

(14) The Hobby Protection Act - This Act became effective on November 29, 1973, and makes unlawful the manufacture or importation of imitation numismatic and political items unless marked in accordance with regulations prescribed by the Federal Trade Commission. Imitation numismatic items must be inscribed with the word "COPY" and imitation political items must carry the calendar year of manufacture.

(15) The Equal Credit Opportunity Act - This Act (Title VII of the Consumer Credit Protection Act) delegates to the Commission, effective October 28, 1975, enforcement responsibility as to business generally. The new Act provides that

It shall be unlawful for any creditor to discriminate against any applicant on the basis of sex or marital status. Under this statute, any violation of the Act or its implementing regulation shall be deemed a violation of the Federal Trade Commission Act, irrespective of whether the violator is engaged in commerce or meets any other jurisdictional test in the Federal Trade Commission Act.

(16) The Deepwater Port Act of 1974 - This Act requires the Secretary of Transportation to transmit a complete copy of any application for the issuance, transfer, substantial change in or renewal of any license for a deepwater port to the Federal Trade Commission and the Attorney General. Within 45 days following the last public hearing, the Federal Trade Commission and the Attorney General are to submit to the Secretary a report assessing the competitive effects of the issuance of the proposed license.

(17) The Magnuson-Moss Warranty - Federal Trade Commission Improvement Act - Title I of this Act of 1975 authorizes the Federal Trade Commission to develop regulations for written and implied warranties. The Act authorizes the Commission to establish disclosure and designation standards for written warranties; defines the Federal content standards for full warranties; and establishes consumer remedies for breach of warranty or service contract obligations.

Title II of the Act amends the Federal Trade Commission Act to enlarge the Commission's jurisdiction to cover activities "affecting commerce" as well as "in commerce"; to provide for certain procedures when the Commission prescribes substantive rules for unfair or deceptive acts or practices; to increase the Commission's authority to represent itself in civil court actions and before the Supreme Court under certain conditions; to authorize the Commission to commence a civil action to recover civil penalties for knowing violations of the FTC Act; and to authorize the FTC under certain conditions to file suit for consumer redress of injuries.

FISCAL 1975 COURT DECISIONS
JULY 1, 1974 - FEBRUARY 28, 1975

Adolph Coors Company, D. 8846, refusals to sell, territorial and other restrictive practices. On January 13, 1975, the Supreme Court denied petitions for certiorari.

National Dynamics Corp., et al., D. 8803, scope of order. On November 11, 1974, the Supreme Court denied petition for certiorari filed by National Dynamics Corp. et al.

William H. Rodgers, Jr., File 90-112, injunction against FTC, discretion to investigate or prosecute, jurisdiction. On October 15, 1974, the Supreme Court denied petition for certiorari filed by Rodgers.

Spiegel, Inc., D. 8868, public interest, adequacy of findings, pertinency of order, exclusion of evidence. On October 21, 1974, the Supreme Court denied petition for certiorari filed by Spiegel.

Altermann Foods, Inc., D. 8844, discriminatory payments and allowances. On July 22, 1974, the Court of Appeals for the Fifth Circuit issued decision favorable to FTC.

Avnet, Inc., D. 8775, horizontal acquisition. On February 28, 1975; the Court of Appeals for the Seventh Circuit issued decision favorable to FTC.

Corning Glass Works, D. 8874, McGuire Act/FTC Act coverage re fair trade agreements. On January 20, 1975, the Court of Appeals for the Seventh Circuit issued decision favorable to FTC.

Harbor Banana Distributors, Inc., and United Brands Company, et al., D. 8795 (2 cases), granting and inducing price discrimination, unlawful acquisition. On August 22, 1974, the Court of Appeals for the Fifth Circuit issued decision favorable in part to FTC.

John Clifford Heater, et al., D. 8821, FTC power to order restitution. On September 11, 1974, the Court of Appeals for the Ninth Circuit issued decision unfavorable to FTC.

Love Television & Stereo Rental, Inc., et al., D. C-2245, reviewability of consent order. On August 15, 1974, the Court of Appeals for the Fifth Circuit issued decision favorable to FTC.

Retail Credit Company, File 90-131, subpoena enforcement, Fair Credit Reporting Act, FTC access to consumer reports. On February 28, 1975, the Court of Appeals for the District of Columbia Circuit issued decision favorable to FTC.

A. O. Smith Corp., et al., File 90-199, injunction against FTC, challenge to FTC's authority to issue LOB orders. On February 10, 1975, the District Court for the District of Delaware issued decision unfavorable to FTC.

Aluminum Company of America, et al., File 99-196, injunction against FTC, challenge to FTC's authority to issue LOB orders. On February 25, 1975, the District Court for the Southern District of New York issued decision favorable to FTC (denying preliminary injunction).

John Bodner, Jr., et al., File 99-187, injunction against FTC, FOIA, disclosure of nonpublic documents. On February 24, 1975, the District Court for the District of Columbia issued decision favorable to FTC.

State of California, et al., D. 8800, injunction against FTC, exhaustion of administrative remedies, jurisdiction, irreparable injury. On September 23, 1974, the District Court for the Northern District of California issued decision unfavorable to FTC.

Checker Motors Corp., et al. (David R. Markin), File 99-182, subpoena enforcement, burdensomeness, lack of jurisdiction. On December 10, 1974, the District Court for the Western District of Michigan issued decision favorable to FTC.

The Coca-Cola Company, et al., D. 8824, injunction against FTC, authority to issue order requiring money payments. On February 4, 1975, the District Court for the Northern District of Georgia issued decision unfavorable to FTC.

Control Data Corp., et al., D. 8940, injunction against FTC, FOIA, authority to withhold documents, publication of fee schedule. On October 2, 1974, the District Court for the District of Minnesota issued decision favorable to FTC (denying preliminary injunction).

Paul B. Elder Company, File 99-178, Sec. 6(b) enforcement, prescription drug survey. On September 6, 1974, the District Court for the District of Delaware issued decision favorable to FTC.

Exxon Corporation, D. 8934, injunction against FTC, FOIA, disclosure of nonpublic documents. On August 14, 1974, the District Court for the District of Columbia issued decision favorable to FTC.

Gifford-Hill & Company, Inc., D. 8989, injunction against FTC, applicability of NEPA to FTC adjudication, standing of plaintiff, exhaustion of remedies, public interest and policy. On November 13, 1974, the District Court for the District of Columbia issued decision favorable to FTC.

Gregory System International, Ltd. (Norbert J. Thomas, Jr.), File 99-176, subpoena enforcement, burdensomeness. On July 2, 1974, the District Court for the Northern District of Illinois issued decision favorable to FTC.

Kellogg Company (J. E. Lonning) and General Foods Corp. (James L. Ferguson), D. 8883 (2 cases), subpoena enforcement, resistance to disclosure because of alleged trade secret status. On January 3, 1975, the District Court for the District of Columbia issued decision favorable to FTC.

Mattie Leinster, File 99-178, racial and religious discrimination charge by employee. On November 11, 1974, the District Court for the District of Columbia issued decision favorable to FTC.

National Commission on Egg Nutrition, D. 8987, injunction by FTC, public interest, FTC's reason to believe injunction should issue. On October 21, 1974, the District Court for the Northern District of Illinois issued decision unfavorable to FTC.

Robert F. Plank v. Alderson Reporting Co., Inc., et al., File 99-193, scope of authority of staff attorney to withhold transcript during investigation hearing. On February 19, 1975, the District Court for The District of Columbia issued decision favorable to FTC.

Plus Hair Centers International, Inc. (Jay Sperling), File 99-189, subpoena enforcement, relevance, procedural questions. On January 28, 1975, the District Court for the Southern District of New York issued decision favorable to FTC.

Yamaha International Corp. (Masazumi Miyake) and (Masazumi Miyake and Robert H. Savage), Files 99-181 and 99-186, subpoena enforcement, relevance, arbitrary. On October 29, 1974, the District Court for the Western District of Washington issued decision in favor of FTC.

SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(dollar amounts in thousands)

FTC-107

Appropriation: Salaries and Expenses

<u>Object Class</u>	1975 Adjusted			1976 Estimate			Inc. (+) or Dec. (-)			<u>Emp. 12/31</u>
	<u>Pos.</u>	<u>Av. No.</u>	<u>Amount</u>	<u>Pos.</u>	<u>Av. No.</u>	<u>Amount</u>	<u>Pos.</u>	<u>Av. No.</u>	<u>Amount</u>	
11 Personnel compensation:										
11.1 Permanent positions.....	1,569	1,559	\$27,604	1,634	1,611	\$28,464	+65	+52	+\$860	1,582
11.3 Positions other than permanent.....	44	57	737	44	64	922	...	+7	+185	48
11.5 Other personnel compensation.....	...	10	157	...	10	157
11.8 Special personnel service payments.....	47	47
Total, personnel compensation.....	1,613	1/ 1,626	2/\$28,545	1,678	1/ 1,685	2/\$29,590	+65	+59	+\$1,045	1,630

Other objects:

12 Personnel benefits.....	2,540	2,633	+93	III
21 Travel and transportation of persons.....	1,038	1,593	+555	
22 Transportation of things.	20	301	+281	
23 Rents, communications and utilities:				
Federal Telecommunications System.....	396	396	...	
Other telephone, telegraph and teletype services.....	512	586	+74	

1/ Position data in this column reflect only the June 30 end of year employment ceiling; during the course of the year, the actual personnel on board may exceed these amounts, thereby resulting in a larger number of applied man-years of effort.

2/ Man-year statistics are consistent with those reflected on Mission Resource Summary, adjusted for six additional man-years from one extra compensable work day in fiscal 1976.

SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(dollar amounts in thousands) cont'd

FTC-108

	<u>Object Class</u>	1975 Adjusted			1976 Estimate			Inc. (+) or Dec. (-)			Emp. 12/31
		Pos.	Av. No.	Amount	Pos.	Av. No.	Amount	Pos.	Av. No.	Amount	
23	<u>Rents, communications and utilities:</u> (cont'd)										
	Postage.....			\$400			\$469			+69	
	GSA space rental (SLUC).....			2,869			2,936			+67	
	Rental of data processing equipment.....			160			160			...	
	Rental of office equipment.....			592			923			+331	
	Subtotal, rent, communications and utilities.....			4,929			5,470			541	
24	<u>Printing and reproduction</u>				402		835			+433	
25	<u>Other services:</u>										
	Building alterations.			137			306			+169	
	Repairs to equipment.			50			68			+18	
	Stenographic reporting.....			413			811			+398	
	Tuition and Training.			100			100			...	
	Program contracts....			2,210			2,661			+451	
	Subtotal, other services.....			2,910			3,946			+1,036	
26	<u>Supplies and materials:</u>										
	Supplies.....			216			299			+83	
	Library.....			237			275			+38	
	Subtotal, supplies and materials....			453			574			+121	
31	<u>Equipment:</u>										
	Furniture.....			165			347			+182	
	Equipment.....			227			360			+133	
	Subtotal, equipment			392			707			+315	
	Total Requirements.			\$41,229			\$45,649			+\$4,420	

Justification of Requirements by Object Classification

11 Personnel Compensation

<u>Sub-Object Class</u>	1975 Adjusted			1976 Estimate			Inc. (+) or Dec. (-)		
	Pos.	Av. No.	Amount	Pos.	Av. No.	Amount	Pos.	Av. No.	Amount
11 Personnel compensation:									
11.1 Permanent positions....	1,569	1,559	\$27,604	1,634	1,611	\$28,464	+65	+52	+\$860
11.3 Positions other than permanent.....	44	57	737	44	64	922	...	+7	+185
11.5 Other personnel compensation.....	...	10	157	...	10	157
11.8 Special personnel service payments....	47	47
Total, personnel compensation....	1,613 1/	1,626 2/	\$28,545	1,678 1/	1,685 2/	\$29,590	+65	+59	+\$1,045

The Commission is requesting 65 additional permanent positions and 52 associated man-years. This is a lapse rate of 20 percent. As explained elsewhere, these man-years will be used to increase the FTC antitrust activity principally in three of the currently most inflation-prone sections of the economy-energy, food, and health care. Also, seven additional man-years of temporary and consultant time are requested for fiscal 1976. These will allow the Commission to have additional expert witnesses available when a case is being developed and during the litigation process when the success of trial depends on the Commission presenting highly technical information in a specialized area.

1/ Position data in this column reflect only the June 30 end of year employment ceiling; during the course of the year, the actual personnel on board may exceed these amounts, thereby resulting in a larger number of applied man-years of effort.

2/ Man-year statistics are consistent with those reflected on Mission Resource Summary, adjusted for six additional man-years from one extra compensable work day in fiscal 1976.

The \$1,045,000 increase in personnel compensation costs for the 65 new positions and additional consultative support being requested in fiscal 1976 is outlined below:

<u>Position Title</u>	<u>GS Grade</u>	<u>Number</u>	<u>Annual Salary</u>
Attorney.....	15	9	\$268,362
Attorney.....	13	10	218,160
Economist.....	13	3	65,448
Systems Analyst.....	13	1	21,816
Accountant.....	12	1	18,463
Attorney.....	11	13	201,253
Economist.....	11	1	15,481
Systems Analyst.....	11	3	46,443
Research Assistant...	9	1	12,841
Systems Analyst.....	7	1	10,520
Research Assistant...	7	5	52,600
Clerk	7	1	10,520
Clerk	6	4	37,892
Clerk	5	8	68,000
Clerk	3	4	27,056
Total permanent salaries.....		65	\$1,074,855
Less lapse.....		-13	-214,955
Permanent positions..		52	859,900
Positions other than permanent		7	185,100
Total		59	\$1,045,000

	<u>1975</u>	<u>1976</u>	
	<u>Adj.</u>	<u>Est.</u>	<u>Inc.</u>
21 <u>Travel and Transportation of Persons</u>	1,038	1,593	+555

The Commission's fiscal 1976 requirements for additional travel funds are needed to intensify enforcement actions in both its Maintaining Competition mission and Consumer Protection mission, as well as in its other supporting missions. Each area of additional fiscal 1976 requirements is discussed below.

Maintaining Competition Mission

In almost every Maintaining Competition program area, investigational activity and attendant travel expenses are expected to increase in fiscal 1976. Of primary significance is the substantial increase in the number of cases that should be in

active trial litigation during fiscal 1976. Commission staff estimates that in fiscal 1976 many additional antitrust complaints may be recommended to the Commission over those made in fiscal 1975. These cases alone will account for a large portion of the increase in travel costs since each investigation incurs travel expenses on the part of Commission employees, witnesses, or both. Historically, even a modest sized antitrust matter required \$5,000 to \$10,000 in travel expenses before a complaint could be recommended to the Commission. And, many of the matters expected to reach the trial stage in fiscal 1976 are of substantially greater magnitude than were average Commission cases in the past. Therefore, the typical per case cost has increased because the investigations are larger, e.g., industry-wide, and because the cost of such travel has increased.

For example, one specific matter in which large travel expenses will be incurred is the Exxon, et al. case, which will continue intensive pretrial development throughout fiscal 1976. Specific enforcement actions with attendant costs of litigation are also expected as a consequence of the energy-study related efforts of fiscal 1975. Other examples are the five Maintaining Competition food programs, in which major new matters are expected to reach the litigation stage in fiscal 1976. This litigation is expected to be relatively more costly and travel intensive than those investigations conducted using the Commission's investigational hearing powers, because these programs by their nature will require more travel to individual company locations than those industry-wide matters that are developed through the investigational hearing process.

Increased travel costs are also anticipated as regional offices become increasingly involved in antitrust enforcement activities, e.g., in conducting regional surveys and analyses of the important food grower-producers to identify potential antitrust problems. The regional office components of these antitrust programs are all specified in the fiscal 1976 budget, and the travel costs were developed accordingly.

Regional trial and hearing activity is also expected to increase in fiscal 1976 over fiscal 1975 levels. And, regional office participation in a horizontal restraints program to search out collusive activities on a local basis and to augment Bureau of Competition enforcement of the anti-discrimination laws will also increase the amount of regional office travel in fiscal 1976.

Consumer Protection Mission

In the Consumer Protection mission, four factors -- in addition to inflationary cost increases -- will contribute to a substantial increase in fiscal 1976 travel expenses. These are (1) a projected 20 percent increase in the number of matters in Part III adjudication, (2) a projected increase of nearly three-fold in rulemaking proceedings and an even greater anticipated rise in rulemaking hearing days, (3) a major expansion in the size and complexity of formal investigations, and (4) a doubling of travel in civil penalty compliance and enforcement trials. For example,

anticipated travel necessary to increase Consumer Protection mission compliance and enforcement activities to increase regular compliance checks should increase from \$12,339 in fiscal 1975 to \$22,254 in fiscal 1976. This magnitude of increase -- over 80 percent -- is necessary to give the Commission the type of aggressive compliance and enforcement activities it needs to ensure that its orders are not being violated.

The Commission's commitment to the development and use of truly effective - and sometimes innovative - consumer protection remedies has increased the number and the complexity of consumer protection trials. This commitment demands increased travel to interview and select witnesses and to bring those witnesses to trials. Where necessary, trials are now held at points other than Washington, D.C., in order to minimize overall travel costs. However, any national consumer protection trial demands substantial travel; and cases cannot be developed and litigated without incurring substantial travel expenses.

The largest single part of the consumer protection travel increase for 1976 will be incurred in rulemaking proceedings. These will increase from 14 in 1974 to approximately 40 in process by early 1976. This shift is based upon the Commission's belief that, for optimal consumer protection enforcement, rulemaking produces substantial gains in both fairness to the parties affected and increased long-term effectiveness in law enforcement efforts. Further, the rulemaking hearings to be conducted in 1976 will, on the average, be considerably longer than those in the past. This is due in part to assuring that those affected will have full and fair opportunity to comment and present any diverging views they may have.

One example of the extent of rulemaking efforts planned for fiscal 1976 are the hearings scheduled to be held in Washington D. C., and four regional offices for the proposed "Advertising, Disclosure, Cooling Off and Refund Requirements Concerning Proprietary Vocational and Home Study Schools."

A second major factor in the increased consumer protection travel costs directly relates to the increased use of industry-wide enforcement efforts. As the Commission has moved from ad hoc individual consumer protection efforts to planned industry-wide programs, the travel dollars necessary to support them has increased accordingly. Industry-wide consumer protection litigation requires heavy expenditures of funds for travel support.

The Land Sales program (J04) illustrates the reasons for increased investigation costs in industry-wide efforts. A major interstate land sales firm may have a dozen or more developments scattered around the country. Experts must be sent to evaluate these in order to prepare for litigation. Consumers and other potential witnesses must be interviewed and/or brought to testify. Document searches at corporate offices are often required even before depositions can be meaningfully taken. This enforcement program has been successful to date, but will require additional travel funds to carry it forward throughout fiscal 1976.

A major increase in travel funds is an important key to continued improvement in the efficiency and effectiveness of the Commission's Consumer Protection mission. During fiscal 1976, the Commission is seeking to hold the line on man-years committed to consumer protection. To do a better job under these circumstances demands that the agency make more productive use of that staff and

"leverage" its human resources with the necessary operating expense support. Management and planning advances will fall short of the sought-after enforcement objectives unless the staff can work more effectively.

The requested increases in travel funds (and other needed operating expense support such as stenographic reporting) will produce the improved efficiency gains needed to-accomplish the objectives delineated in detail in each of the Consumer Protection mission program summaries.

Economic Activities Mission

Finally, mention should be made of the increase in funds needed for travel related to the Economic Activities mission. The additional funds requested relate to (1) increased activities in the international antitrust area, (2) continued implementation of the Line-of-Business program, (3) several market structure studies pertaining to industries with possible anticompetitive structure, conduct, or practices. In this connection, the travel funds requested under the Economic Activities mission relate exclusively to economic analysis rather than support to enforcement missions. For the first time, the program budget relates the man-years and support costs for the Bureau of Economics contribution to enforcement efforts directly to the specific program summaries, and are included in each enforcement program under either the Maintaining Competition or Consumer Protection mission.

Other Travel Costs

The increase of \$20,000 for travel in the Executive Direction and Policy Planning and Administration missions is needed principally to support the Commission's efforts in better integrating the regional offices into the improved policy planning, budgeting, and management control systems instituted in fiscal 1975.

	1975	1976	
	<u>Adj.</u>	<u>Est.</u>	<u>Inc.</u>
22 <u>Transportation of Things.....</u>	20	301	+281

The majority of the additional funds requested in this area are largely one-time, non-recurring costs that are necessary to accomplish three specific purposes. One is to close four small field stations considered uneconomical on a cost/benefit basis and transferring the assigned personnel, including transporting of household goods, to other regional offices at an estimated cost of \$61,250. Secondly, 15-17 personnel would be transferred to staff the new Denver Regional Office in fiscal 1976 at an estimated cost of \$120,000. Thirdly, 12-13 attorneys will be transferred within the regional office network, and between Washington and the regional offices, to strengthen the antitrust enforcement capabilities of these offices and to improve the selection, planning and coordination of consumer protection matters. This cost is estimated at \$93,750.

In the past, the Commission has been limited in its ability to transfer staff among offices and bureaus, because there were little or no funds available to move the household goods from one duty station to another. This sometimes means that outstanding individuals in one office cannot be considered for a promotion that would involve a move to another geographic location. Needless to say, improving the Commission's ability to transfer internally will increase expertise and morale, while building longer term managerial capabilities.

23 Rents, Communications and Utilities

Federal Telecommunications System	398	398	...
Other telephone, telegraph and teletype services.....	512	586	+74
Postage.....	400	460	+60
GSA space rental (SLUC)	2,869	2,936	+67
Rental of data processing equipment.....	180	160	...
Rental of office equipment	<u>592</u>	<u>923</u>	<u>+331</u>
Subtotal, rents, communications, and utilities	4,929	5,470	+541

Other Telephone, Telegraph and Teletype Services

The requested increase will cover expanded Commission-wide usage of telecommunication services, as well as the provision of such services for the 65 new positions being requested in fiscal 1976.

Postage

These additional funds are needed to cover expanded Commission-wide requirements for services of the U.S. Postal Service.

GSA Space Rental (SLUC)

The increase of \$67,000 in space rental costs will be used principally to provide additional space for the 65 new positions being requested in 1976 for anti-trust enforcement.

Rental of Office Equipment

In recent years, the funds available for equipment rentals have not been sufficient to sustain the accelerated pace of Commission activities. In addition to substantial rental cost increases, Commission-wide needs for more sophisticated text processing and photocopying equipment have increased. For example, in large antitrust cases, there are frequently heavy reproduction costs in developing findings of fact, responses to respondents' motions, etc. Document reproductions in these cases can run to millions of pages. Much of the Commission's present equipment is simply inadequate in both quantity and capability to sustain a high level of activity.

In addition, development of the Commission's litigation support system entails substantial equipment rentals, including microfilm processing. Also, the additional 65 new positions requested for 1976 will require proportional increases in all equipment rental categories to outfit them.

Last, the Commission has needed to improve communications between headquarters and the regional offices. Funds for this purpose are included in the fiscal 1976 budget request.

	<u>1975</u> <u>Adj.</u>	<u>1976</u> <u>Est.</u>	<u>Inc.</u>
24 <u>Printing and Reproduction</u>	402	835	+433

The additional funds are needed for printing FTC's volumes of decisions and the quinquennial edition of the Statutes and Decisions of the Commission (\$141,000); court briefs and case-related materials (\$74,000); recurring economic reports (QFR, Merger Report, Line of Business Report); and other Commission and staff reports, e.g., the Energy Study Reports. Field reproduction of documents related to antitrust litigation will be expanded (\$115,000), as will other Commission-wide requirements for printing and reproduction, e.g., to support responses under the Freedom of Information Act.

	<u>1975</u> <u>Adj.</u>	<u>1976</u> <u>Est.</u>	<u>Inc.</u>
25 <u>Other Services</u>			
Building alterations.....	137	306	+169
Repairs to equipment	50	68	+18
Stenographic reporting.....	413	811	+398
Tuition and training	100	100	..
Program contracts	<u>2,210</u>	<u>2,601</u>	<u>+451</u>
	2,910	3,946	+1,036

Building Alterations

The fiscal 1976 increase requested for this area is needed principally for the Bureau of Economics. These additional funds will be used for two major purposes. One is to paint the entire area occupied by the Bureau of Economics. The five-year GSA requirement between paintings will have been met, and the work is badly needed. Included also is the cost of partitions in the large, open economic

support unit. By breaking the space into smaller, semi-private units, the work output of paraprofessionals should be greatly increased and the end result of their efforts will be improved due to fewer interruptions and distractions.

The other requirement in the Bureau of Economics deals with further outfitting requirements for the financial statistics function. Following further analysis of work processing and paper flow, modifications will be made to improve overall operating efficiency. Included in this estimate would be relocation of electrical and telephone outlets, necessary partitions and acoustical ceilings. In addition, further improved security will be added to protect the confidentiality of the Line-of-Business and QFIT files.

Repairs to Equipment

The increase of \$18,000 will allow the Commission to keep in working order the equipment used on a daily basis by the staff. The additional funds are needed because of the larger amount of equipment owned by the Commission and the increased cost of its repair.

Stenographic Reporting

The large increase in transcript expenses for fiscal 1976 is necessary for the following reasons:

- (1) The \$1.60 per page cost by the contractor to FTC is up from \$.98 per page because of the requirement in PL 92-483 (The Federal Advisory Committee Act) that copies of agency transcripts be made available to the public at cost of reproduction, thus eliminating the contractor's profit from public sale.
- (2) As a result of the "Pipeline" amendment to the FTC Act of November 16, 1973, FTC must now pay for transcripts in Federal Court compliance penalty matters formerly brought by the Department of Justice.
- (3) The Commission's heavy involvement in litigation is expected to increase substantially in fiscal 1976. A number of trials in major cases including "breakfast cereal," other food, health care, and industry-wide matters are anticipated. It is not unusual for a modest-sized trial to involve \$5,000 in transcript costs, and a large number of matters expected to be in trial in fiscal 1976 are of exceptional size and complexity, and will cost significantly more.
- (4) FTC will conduct intense pretrial activities in the Exxon, et al. case in fiscal 1976. The pretrial work will involve examinations of company officials and third parties in all phases of petroleum production, refining and marketing. The Exxon, et al. matter has eight respondents, all among the nation's largest petroleum

companies. In terms of discovery, this case is at least as large as the Justice Department Antitrust Division's case against IBM, in which transcript costs had to be augmented by a supplemental appropriation in fiscal 1974 of \$540,000 just to cover the massive deposition costs associated with it.

- (5) Investigational hearings will be utilized to a much greater degree than previously. The use of these investigational hearings has proven to be a highly effective means of accelerating investigations. First hand information as to company operations can be obtained more readily through hearings than through merely receiving documentation from potential respondents under subpoena duces tecum. In fiscal 1976, even greater use will be made of this procedure, both in regional offices and at headquarters. One example is the retail food processing survey which will be expanded into local marketing areas where the problems at issue are actually occurring. The need for investigational hearings, in addition to those in the food program, will also be high in energy programs and in other industry-wide investigations where multiple hearings must be held throughout the country.
- (6) The Commission's emphasis on law enforcement through rulemaking also increases the stenographic reporting costs associated with nationwide hearings on a proposed rule. Typically, one hearing day in a rulemaking proceeding or investigational hearing will cost approximately \$250 in stenographic reporting services alone.

Two Commission actions taken during fiscals 1974 and 1975 have actually contributed to a lowering of the per unit costs of stenographic reporting, thus permitting a higher volume for the same level of funding. The first of these was the successful lowering, through contract negotiations with the stenographic reporting contractor, of the regular or ordinary per page cost from \$2.50 to \$1.60. The second action has been to enforce a 90% reduction in staff use of "rush" and "daily" (or accelerated) copy over that of ordinary copy. In the case of "rush" copy, the difference is between \$10.50 per page and \$1.60 per page for ordinary. This savings was achieved by limiting the use of the more expensive accelerated copy service to cross or redirect examination of expert witnesses during trial.

Program Contracts

The increases in program contracts are principally for the following purposes:

Maintaining Competition (\$196,000) -- The cost of this request is almost exclusively associated with the cost of developing and maintaining the Commission's computer-based litigation support system. The computerized litigation support system is an essential tool to enable the Commission staff to prepare for and try effectively

the Exxon, et al. matter and other complex antitrust litigation. The Exxon, et al. case is against the eight largest petroleum companies, and because of the complex nature of the industry and the respondents' expected defenses, it is anticipated that the total number of document pages to be reviewed from all respondents could be several million. Without the assistance of a computerized litigation support system, efficient analysis, storage and recovery of the information contained in these documents would be almost impossible and would require substantially higher personnel costs to obtain even minimally acceptable control on a manual basis. The Commission staff would be at a serious disadvantage vis-a-vis the Exxon, et al. respondents which, it is understood, are taking steps to develop their own computerized litigation support system for this case.

Economic Activities (\$153,000) -- Both the use and cost of computer applications have risen each year as more sophisticated studies are being developed and as more historical data is accumulated. Major economic evidence applications include the petroleum case data analysis segment as well as ongoing studies and the continuing reports such as the Merger Report, Pre-Merger Notification, etc.

In addition, two new economic study program contracts are requested for fiscal 1976. First \$8,000 will be needed to conduct a pilot survey research study on relationships between various measures of worker-job satisfaction and such market structure variables as plant size, firm size, and the locus of ownership control. Second, \$30,000 is needed to contract with a market research firm to test consumer preferences for private label goods relative to nationally branded goods through "blind-preference" experiments.

An increase of \$10,000 is anticipated for the IRS to draw the sample for the QFR and \$2,000 for HEW's portion in this sample selection process. An additional increase of \$20,000 is requested for development of the revised QFR system. Additional formats, reports and studies are to come from this phase of development. Also, funds of \$4,000 are necessary for continuing program contracts for data sets and data services with outside contractors. Last, an additional \$15,000 is required to process the first full year's data from the Line-of-Business reporting program.

Administration and Management (\$96,000) -- The requested funds will be used for the continued development of several major control systems, including financial management, operational planning and control, text processing, and case/project, tracking and status. In addition, program contract funds are needed to assist the development of three new applications:

- For line-of-business reporting requirements, analysis and system design will be needed to ensure an efficient method of reporting production and data manipulation.
- Development work will begin on a capability to provide the legal staff with automated research tools to locate information on Commission decisions, minutes, staff memoranda, and other legal references.

- Additional computer support and analytical assistance will be provided to the Office of Policy Planning and Evaluation of potential agency programs, so that the Commission's policy advisers will have more complete, accurate information and modern analytical tools.

26 Supplies and Materials:

	1975 Adj.	1976 Est.	Inc.
Supplies.....	216	299	+83
Library Materials.....	237	275	+38
Subtotal, supplies and materials.....	453	574	+121

Supplies

The Commission requests additional funds of \$83,000 in fiscal 1976 for office, laboratory, and miscellaneous supplies. In addition to the provision of supply items for the 65 new positions being requested in fiscal 1976, the increase in this area is needed for such purposes as the following:

- Offsetting inflationary cost increases. In the last 18 months, paper prices have increased 78 percent. The overall cost of general office supplies has increased 35 percent in the last year, and some items have gone up as high as 100%.
- Supporting enforcement activities. The Secretary's Office, for example, provides direct support to the activities of the Commission and the operating bureaus. Expected increases in their activities will necessitate additional supplies to meet the needs of the staff and the public.
- Supporting FTC's Management Information Systems. Additional funds are necessary for data processing supplies to support the increasing number of new computer applications at the Commission, including operational planning, personnel, financial management, payroll, and line-of-business reporting.

Also, the projected caseload increases in the activities of our major enforcement missions necessitate a higher level of supply items to support the work of the staff in both the investigation and adjudication processes. Two recently enacted statutes, the Freedom of Information Act and the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, will significantly increase the FTC workload and the need for supplies.

- Laboratory supplies for the cigarette testing laboratory and the textile laboratory as required by law.

Library Materials

The majority of the increase requested for fiscal 1976, will be needed to offset inflation and spiraling costs experienced in the last 12 months. In addition, the increase will also permit a modest expansion in the legal libraries of the regional offices, and provide accounting reference materials to accommodate the Line-of-Business program. Other programs requiring expansion of library material will be the international antitrust study, food studies, and a continuation of work in the energy area.

	1975 <u>Adj.</u>	1976 <u>Est.</u>	<u>Inc.</u>
31 <u>Equipment</u>	302	707	+315

In addition to outfitting the 65 new positions requested in fiscal 1976, which will require approximately \$97,500, the additional funds will be used for the following purposes:

- Microfilm retrieval equipment for the regional offices so they will have access to the legal files presently available only in the Office of the Secretary.
- New equipment necessary in the print shop to improve safety, e.g., larger workbenches, and to replace existing obsolete and inadequate equipment now still in use, e.g., opaque light-up, and plate finishing tables.
- Purchase of data processing and peripheral computer equipment to be used for the computerized litigation support system. This equipment is essential for the adequate working of the system.

FISCAL YEAR 1974 PROGRAM ACCOMPLISHMENTS

The major program accomplishments for the Commission for fiscal year 1974 are discussed by mission as follows:

MAINTAINING COMPETITION

CONSUMER PROTECTION

ECONOMIC ACTIVITIES

EXECUTIVE DIRECTION AND POLICY PLANNING

ADMINISTRATION AND MANAGEMENT

FTC-121

MAINTAINING COMPETITION

The Commission's activities during fiscal 1974 which were directed toward the mission of Maintaining Competition included development of major cases resulting from Commission complaints issued in the Exxon (petroleum industry), Xerox (office copier industry), and Kellogg (breakfast cereal) matters. In addition, other major industry-wide investigations were initiated or continued involving industries with significant effect on the economy. Merger enforcement activity and law enforcement activity in the restraint of trade area also were at high levels during fiscal 1974.

Following a brief summary of overall mission accomplishments each of the major enforcement and mission support area is covered in greater detail in subsequent sections.

One of the major accomplishments in the Maintaining Competition mission was the establishment of improved planning, evaluation and management procedures within the Bureau of Competition to assist in developing a balanced antitrust enforcement program. These improvements will help ensure that the Commission's limited resources available for Maintaining Competition will be used to achieve maximum benefits for the American consumer and for the competitive health of major areas of our free enterprise economy. Therefore, enforcement activities as well as new investigations have been developed within the context of defined antitrust enforcement programs, with specific enforcement objectives.

In the energy area, the Commission issued a complaint against the eight major vertically integrated oil companies* charging a combination to monopolize refining and maintenance of non-competitive market conditions in petroleum refining. Also in the energy area, the Commission implemented a special appropriation of \$1,000,000 initiating a thorough study of competitive conditions in the energy industries. A new Energy Study Unit was established to undertake this study, and major work already has been accomplished toward the completion of this undertaking.

In the food area, the Commission's traditional commitment in the food sector of the economy has been coordinated and expanded into a National Food Program designed to treat for the first time on a programmatic basis the competitive problems of this area of paramount consumer concern.

A program also has been established for the health care industry. This program is designed to assure a comprehensive approach to competitive problems in this area of high consumer concern.

In addition to energy, food and health-care, the Commission's activities to maintain competition also have been directed toward a broad, programmatic and industry-wide approach in other industries, involving both existing and new antitrust enforcement commitments. In the traditional areas of merger law enforcement and horizontal and vertical restraints, enforcement programs have been designed to deal with competitive problems as they arise.

* These are: Exxon Corp.; Texaco, Inc.; Gulf Oil Corp.; Mobil Oil Corp.; Standard Oil of California; Standard Oil of Indiana; Shell Oil Corp.; Atlantic-Richfield Co.

Antitrust compliance activities in fiscal 1974 included accomplishment of 17 divestitures under 11 separate Commission orders, and the certification of two new civil penalty cases.

A total of 28 complaints and 26 final orders were issued by the Commission in the competition area in fiscal 1974, as compared with 31 complaints and 28 orders in fiscal 1973. The antitrust litigation workload totaled 38 cases by the end of fiscal 1974, and the Commission issued final determinations in 14 adjudicated cases.

At the beginning of fiscal 1974, 261 formal antitrust investigations were pending; 55 formal investigations were initiated during the fiscal year. As a result of the management control procedures, and through periodic evaluation of deadline assignments, a substantial decrease in the backlog of inactive investigations was effected, and the Bureau of Competition, by the end of fiscal 1974 had 101 open and active formal investigations. An additional 74 antitrust matters were also open in the Regional Offices at year end.

The following discussion of activities and fiscal year 1974 accomplishments is grouped by major program area. In addition, sections are included, respectively, on regional office and General Counsel support to, and Administrative Law Judge participation in, the mission.

The Energy Program

The energy program has two main components: (1) the petroleum industry litigation (the Exxon case) and (2) a Congressionally-mandated study of competitive conditions in the energy sector, including specific related investigations. The Exxon complaint (D. 8934), issued in fiscal 1974, charges the eight largest vertically integrated petroleum refining companies with having combined to monopolize petroleum refining and with the maintenance of a non-competitive market structure in petroleum refining the Eastern Gulf Coast and part of the Mid-Continental areas of the United States in violation of Section 5 of the Federal Trade Commission Act. Preliminary post-complaint, pretrial preparation was begun during fiscal 1974.

The energy study is the result of a specific Congressional mandate and a special appropriation of \$1 million for fiscal 1974 for a thorough study of competitive conditions in the energy industries. A new Energy Unit was established in the Commission's Bureau of Competition during fiscal 1974 to conduct the energy study and to coordinate antitrust enforcement efforts in the energy field. Work in progress at the end of fiscal 1974 included an investigation into the accuracy of reporting of reserves in the natural gas industry, investigation of inter-fuel mergers and inter-fuel competition, and action against interlocking directorates among energy companies.

The Food Program

During fiscal 1974, the Commission initiated a coherent and unified program to consider the application of antitrust enforcement across the entire spectrum of the food economy. This overall National Food Program is divided into five discrete

functional segments, corresponding to the different functions in the food process from the farm to the consumer. These functional categories are (1) grower-producer, (2) manufacturer-processor, (3) distribution and marketing (except retailing), (4) retailing, and (5) food commodities.

Grower-Producer Area

In the grower-producer area, fiscal 1974 accomplishments included issuance of final Commission orders in the United Brands matter (D. 8835, involving the acquisition of fresh produce growers, and in five separate cases involving allegations of illegal brokerage in the sale of fresh produce. A Complaint was issued in fiscal 1974 against the Central California Lettuce Producers Cooperative (D. 8970) alleging that the respondent association and its members have acted illegally to fix and control the prices at which lettuce is sold.

Manufacturer-Processor Area

Fiscal 1974 accomplishments in the manufacturer-processor segment of the food program included a consent order against PepsiCo, Inc. (D. 8903) requiring the divestiture of Rheingold, Inc. In the soft drink industry, a Commission cease and desist order was issued against Adolph Coors Company (D. 8845) prohibiting territorial restrictions and resale price maintenance in the distribution of beer, and final Commission order dismissing the Commission's complaint against General Mills, Inc. (D. 8836) involving the acquisition of Gorton, a seafood producer. A Complaint was issued challenging the acquisition by Deltown Foods, Inc. (D. 8951) of the Sealtest assets and trademarks from the Kraftco Corp. in the New York City area, and a proposed complaint was issued challenging the acquisition by the Coca-Cola Bottling Company of New York of the Franzia Brothers Winery.

Other matters in litigation at the end of fiscal 1974 involving food manufacturers or processors included the Commission's complaint against Kellogg Company, et al. (D. 8883), challenging practices allegedly resulting in a shared monopoly among the four largest firms in the breakfast cereal industry. Substantial pretrial discovery and trial preparation was accomplished in this matter during fiscal 1974. An initial decision was filed in the matter of ITT Continental Baking Company (D. 7880), which involves the reopening of a Commission order concerning acquisitions in the baking industry.

Commission activity during fiscal 1974 in the food manufacturer and processor area also included continuing enforcement of industry compliance with the Commission's published policy statement concerning product extension mergers in grocery manufacturing and issuance of an enforcement policy statement concerning mergers in the dairy industry. Finally, intensive industry-wide investigations continued in other segments of the food industries.

Distributing and Marketing Area

Fiscal 1974 accomplishment in the distribution and marketing segment of the food program included Commission acceptance of a consent order prohibiting the Kroger Company (C-2453) from inducing discriminatory prices from suppliers of

grocery store products. In addition, at the end of fiscal 1974 eight cases were pending challenging allegedly anticompetitive territorial restrictions imposed by soft drink syrup manufacturers on soft drink bottlers. Also pending was a case against the Great Atlantic and Pacific Tea Company (D. 8866) challenging allegedly preferential pricing and price fixing relating to private label diary products. Finally, investigations were continuing at the end of fiscal 1974 involving allegedly anticompetitive mergers and specific anticompetitive practices by food marketers and distributors.

Food Retailing Area

In the area of food retailing, fiscal 1974 accomplishments include the initiation of a major investigation of retail food prices and continued monitoring of mergers and acquisitions among food retailing firms pursuant to the Commission's published statement of enforcement policy with respect to such mergers.

The retail pricing study constitutes a major initiative looking into the relationship between food prices and market concentration and competitive practices on a national basis through intensive examination of carefully selected metropolitan markets.

The Health Care Program

In fiscal 1974, the Commission's staff targeted health care as a significant sector of the economy warranting intensive antitrust enforcement investigation, and a new health care program was established to address competitive problems in health care industries in a comprehensive manner. It was determined that investigative efforts should focus on three most significant distinct areas: prescription drugs, medical laboratories and hospital supplies. Several specific investigations in the health care area were begun in fiscal 1974, constituting the initiation of a comprehensive program for fiscal 1975 and 1976.

Industry-Wide Antitrust Enforcement

The "industry-wide" category covers all pending matters (other than those that are subsumed under the energy, food and health care programs) that involve broad investigations or litigation focusing on the competitive performance of an entire industry rather than merely on the specific practices or conduct of particular firms. Principal activity in this area during fiscal 1974 included substantial pretrial discovery and preparation for trial of the Commission's complaint against the Xerox Corporation (D. 8909) which involves alleged monopolization of the office copier market, and intensive investigation of possible monopolization of the manufacture and distribution of replacement automobile crash parts. In addition, several new industry-wide investigations were initiated during fiscal 1974 including among other matters, an investigation into the competitive conditions and practices in the title insurance, car and toys industries.

Mergers and Joint Ventures

The Commission's merger enforcement program was redefined in fiscal 1974 to include all merger enforcement activity apart from that included in the energy, food and health care programs. Fiscal 1974 was marked by both the continued development and refinement of the merger screening and evaluation process, which has greatly reduced non-productive manpower expenditures in merger investigation, and by further development and refinement of the law relating to permissible merger activity. The Commission's commitment to merger law enforcement remained high during fiscal 1974. Specific accomplishments during the fiscal year included the following:

Continuing enforcement of the Commission's Statement of Enforcement Policy with Respect to Vertical Mergers in the Cement Industry resulted in the issuance of a proposed complaint against Gifford Hill & Company, Inc., challenging a series of acquisitions of ready-mix concrete companies and producers of concrete products. Trial of the Commission's complaint against Ash Grove Cement Company (D. 8785), which also challenged acquisitions of ready-mix concrete producers, was completed during fiscal 1974.

A cease and desist order was issued in the matter of St. Joe Mineral Corp. (D. 8892), involving the acquisition of Quemetco in the lead industry. During adjudication, the acquired firm was sold to a third party; the Commission issued an order prohibiting future acquisitions for a specified period of time.

Consent orders were accepted by the Commission in the matter of Amerada Hess Corporation, et al. (C-2156), involving the acquisition of an oil pipeline facility (and provisionally accepted prior to establishment of a formal energy program within the Commission), and in the matter of Rockwell International Corp. (D. 8842) requiring the divestiture of its knitting machine manufacturing division.

In the area of interlocking directorates, consent orders were accepted barring such relationships between General Electric Company (C-2477) and Chrysler Corporation (C-2484). In addition, the Commission provisionally accepted a consent order prohibiting interlocking directorates between Lear Siegler, Inc. and Royal Industries, Inc.

New merger complaints were issued, resulting in pending litigation in the following matters:

Liggett & Myers, Inc. (D. 8938) - challenging the acquisition of Ready Foods Corp., in the dog food industry.

RSR Corp. (D. 8959) - challenging the acquisition of Quemetco, Inc., in the lead industry.

Walter Kidde & Co., Inc. (D. 8957) - challenging an acquisition in the door lockset industry.

British Oxygen Co., Ltd., et al. (D. 8955) - challenging the acquisition of Airco, Inc. in the industrial gas industry. During fiscal 1974, the United States District Court for the District of Delaware

in Civil Action No. 74-31, granted a preliminary injunction against joint operation of the companies pending the resolution of the Commission's administrative complaint.

Proposed complaints were issued in the following merger matters during fiscal 1974:

Anaconda Company - challenging the acquisition of Systems Wire & Cable, Inc., a company engaged in the manufacture and sale of rigid and semi-flexible co-axial cables.

Fruehauf Corporation - challenging the acquisition of Kelsey-Hayes Company, a manufacturer of wheels and braking devices.

Jim Walter Corp. - challenging the acquisition of Panacon Corporation, a manufacturer of asphalt roofing materials.

The following other merger matters were in adjudication at the end of fiscal 1974:

Litton Industries, Inc. (D. 8778) - which was remanded for further hearings on the issue of relief concerning Litton's acquisition of Triumph-Adler in the typewriter industry.

Laton, Yale & Towne, Inc. (D. 8826) - involving the acquisition of McQuay-Norris in the automobile engine parts industry. An initial decision was filed in fiscal 1974, and the matter was on appeal to the Commission.

American General Insurance Co. (D. 8847) - involving the acquisition of Fidelity and Deposit Company of Maryland.

Budd Co. (D. 8848) - involving the acquisition of Gindy Manufacturing Co. in the truck trailers industry - initial decision filed in fiscal 1974.

Warner-Lambert Co. (D. 8850) - Involving the acquisition of Parke, Davis & Co. in the drug industry - hearings completed in fiscal 1974.

Beatrice Foods Co. (D. 8864) - involving the acquisition of paint applicator producers - on appeal to the Commission at the end of fiscal 1974.

Heublein, Inc. (D. 8904) - acquisition of United Vintners in the wine industry.

Associated Dry Goods (D. 8905) - involving the acquisition of L. S. Ayres department stores.

Retail Credit Co., et al. (D. 8920) - involving the acquisitions of a number of credit bureaus.

Kaiser Steel Corporation (D. 8078) - involving the acquisition of MSI Industries, Inc. in the steel tubing industry.

Horizontal Restraints and Relationships

The area of horizontal restraints concerns those aspects of antitrust directed toward prevention of agreements or relationships among competitors that result in artificial restraints on competitive vitality. This classification covers matters involving horizontal restraints which are not programmatically incorporated in the food, energy or health care programs or industry-wide enforcement programs.

One focus of Commission activity in this area during fiscal 1974 involved restrictive provisions in shopping center leases. In the matter of Gimbels Brothers, Inc. (D. 8885), a complaint challenging shopping center leasing restrictions, was withdrawn from adjudication and a consent settlement was approved and entered by the Commission.

In the matter of Tysons Corner Regional Shopping Center (May Department Store, Woodward & Lothrop, Inc.) (D. 8886), a complaint involving shopping center leasing restrictions was withdrawn from adjudication and consent settlements were approved and entered with respect to three respondents; the matter was returned to trial with respect to the fourth respondent.

Finally, in the matter of Food Fair Stores, Inc., et al. (D. 8935), a complaint was issued also challenging allegedly anticompetitive shopping center leasing restrictions.

Another focus of Commission activity in fiscal 1974 in the area of horizontal restraints and relationships was parallel pricing. The Commission issued a complaint against Bosie Cascade Corp., et al. (D. 8958) challenging parallel conduct in adhering to delivered prices based upon rail rates from the Pacific Northwest for plywood shipments from mills located in other areas of the country. Consent order settlements were approved and entered as to two of the seven respondents; an adjudicative complaint was issued as to five respondents.

Vertical and Distributional Restraints.

Cases in this area, including cases (other than food, energy and health care) involving general enforcement of the Robinson-Patman Act as well as gasoline dealer coercion, anticompetitive practices in franchising, fair trade abuses, anticompetitive practices in hearing aid distribution, and pyramid selling, involving major pretrial and trial work in fiscal 1974. Specific accomplishments during fiscal 1974 included the following:

In the fair trade area, the Commission issued a complaint against Rubbermaid, Inc. (D. 8939) alleging illegal resale price maintenance, abuses of fair trade agreements, and restrictive distributional agreements. Also, in the matter of Corning Glass Works (D. 8874), the Commission denied respondent's motion for reconsideration of a final Commission order prohibiting abuses of the fair trade laws.

In the area of anticompetitive practices in hearing aid distribution, a series of complaints were issued in fiscal 1974. All but one of these was settled by consent

order. Consent orders were provisionally accepted by the Commission in the matter of Textron, Inc. (D. 8927) and Dahlberg Electronics, Inc. (D. 8929). The complaint against Beltone Electronics Corp. (D. 8928) was in trial at the end of fiscal 1974.

In the area of gasoline dealer coercion, cases were in litigation at the end of fiscal 1974 involving Phillips Petroleum Co. (D. 8930) and Standard Oil of Ohio (D. 8910). In addition, consent orders were accepted by the Commission requiring Union Oil Company of California (C-2471) and Standard Oil Company of California (C-2470) to end anticompetitive restrictions on car dealers relating to the use of credit cards and requirements agreements.

In the franchising area, the Commission issued a cease and desist order against the Chock Full O' Nuts Corp. (D. 8884) prohibiting anticompetitive restrictions on franchisees.

In the area of anticompetitive reciprocal dealing practices, the Commission accepted consent orders prohibiting such practices in matters involving Diamond Shamrock, Inc. (C-2493), Occidental Petroleum Corp. (C-2492), and the Southland Corp. (D. 8915).

Fiscal 1974 accomplishments involving other anticompetitive distributional practices included acceptance of consent orders involving Hammermill Paper Co. (C-2513), prohibiting anticompetitive resale and dealer restrictions in the printing and fine paper fields, Fashion Two Twenty, Inc. (C-2520), prohibiting anticompetitive selling practices and agreements by a manufacturer of cosmetics sold through a party-plan merchandising program. In addition a complaint was issued against Sharp Electronics, challenging territorial restrictions and restrictive customer limitations upon office equipment dealers in the sale of electronic calculators, and a consent order was provisionally accepted involving Colt Industries prohibiting anticompetitive practices which have the effect of enforcing the manufacturer's suggested retail prices on its dealers in the sale of firearms.

Finally, in the area of Robinson-Patman Act enforcement, apart from activities encompassed within the food program, the Commission accepted or provisionally accepted five consent orders in fiscal 1974. The order against Foremost-McKesson, Inc. (C-2427), prohibits inducing or receiving discriminatory promotional payments or services and offering anticompetitive inducements in connection with trade shows. A similar order against Bergen Brunswig (C-2483) prohibits inducing and receiving discriminatory prices and services by a wholesaler of druggist's sundries in connection with its trade shows. An order involving Consolidated Foods Corp. (C-2454) prohibits price discrimination in the sale of decorative fabric trimmings and accessories. In addition, the Commission provisionally accepted consent agreements barring Ponder & Bert, Inc. from discounting in price or the granting of promotional allowances or services in the sale of photographic equipment, and Lawry's Foods, Inc. from discriminating in the granting of promotional allowances in the sale of food products. Pending at the end of fiscal 1974 was litigation involving the Commission's complaint against Holiday Magic (D. 8034) challenging alleged unlawful price discrimination and restrictions by a multilevel marketer of cosmetics. An initial decision was filed and the matter was on appeal to the Commission. Other Robinson-Patman matters are included in the food program.

Compliance

During Fiscal year 1974, 17 divestiture proposals were accepted by the Commission in 11 different cases. These include the divestiture of cement producing assets of the former Cement Division of BASF Wyandotte Corp. to a newly-organized Michigan corporation; divestiture of a ready-mix concrete firm in Kansas City, Missouri to three different acquirers; divestiture of a Nephi, Utah rubber hose and A-belt plant to a new entrant; divestiture of the Explosives Division of ICI America, Inc. to Atlas Powder Company, a wholly-owned subsidiary of Tyler Corporation, Dallas, Texas; divestiture of a periodical and paperback business in Davenport, Iowa; divestiture of vending sales volume in six different market areas; divestiture of two lines of men's toiletries; and approval of a license and technical agreement toward the creation of a new entrant into the automotive brake friction materials business. Recommendations concerning applications for Commission approval of proposed acquisitions as required by existing Commission orders also were prepared by the staff and acted on by the Commission in four separate matters.

Approximately 17 investigational hearings were held to determine the manner and extent of compliance with various cease and desist orders. The cases, among others, included O.K. Rubber Welders, Inc. (D. 3571); The Magnavox Company (D. 8922); and Georgia-Pacific Corporation and Tri-State Mill Supply Co., Inc. (C. 2356).

As of the beginning of fiscal 1974, eight civil penalty matters were pending at various stages. During the year two additional penalty cases, U.S. v. Cott Corp. and U.S. v. Consolidated Foods, were certified. As a result of prosecution of civil penalty cases, monetary judgments totaling four hundred and four thousand (\$404,000) dollars were procured.

Accounting

To assist in law enforcement activities directed toward maintaining competition, the accounting staff provided accounting services in numerous investigations, studies, and litigation matters during fiscal 1974. Such services were furnished in 11 of special studies, Bureau of Economics' studies and in the preparation of the Annual Economic Report, Rates of Return in Selected Manufacturing Industries.

In fiscal 1974 accounting analyses were made in 11 investigations involving discriminatory pricing practices; 30 involving restraints of trade and pricing discriminations; and 18 investigations concerning mergers and acquisitions. During the year, the accounting section furnished accounting analyses in 20 cases in litigation.

Supervision, Evaluation and Administration

Accomplishments during fiscal 1974 in the area of supervision, evaluation and administration include progress toward the development of a computerized document indexing and data analysis system. In addition, significant progress was made in fiscal 1974 toward the development of a paraprofessional staff to assist in major antitrust litigation, i.e., in various phases of case management, document processing, factual analysis, and research work.

Best Available Copy

Also, during fiscal 1974 the backlog of inactive investigations has been eliminated. All litigated cases and active formal investigations are managed with the assistance of a computerized tracking system enabling the establishment of a system of deadlines and priorities. Systematic methods of case selection and evaluation also have been further refined and developed. These accomplishments have further contributed to progress toward a managed and planned operation maximizing antitrust enforcement benefits contributed to progress toward a managed and planned operation maximizing antitrust enforcement benefits.

Regional Office Support
To Maintaining Competition

During fiscal 1974, the Commission's 12 regional offices played a substantially increased and important role in the Maintaining Competition mission. Regional office activity was particularly directed to the traditional areas of antitrust behavior and enforcement, including a substantial increase in work in the Robinson-Patman Act area. This increase in competition matters in the regional offices results from a close coordination with the Bureau of Competition as well as with active participation by the Bureau of Economics.

During fiscal 1974, the regional offices recommended and the Commission issued a complaint challenging the acquisition by Walter Kidde & Co., Inc. (D. 8957) of Arrow Lock Corporation, involving the door lockset industry. That case was in pretrial at the end of fiscal 1974. In addition, staffs of the regional offices were primarily responsible for litigation in two matters involving mergers and acquisitions: Kaiser Steel Corporation (D. 8878), involving an acquisition in the steel tubing industry; and Humblein, Inc. (D. 8904), involving an acquisition in the wine industry. In addition, one of the regional offices had primary responsibility for the litigation in Standard Oil of Ohio (D. 8910), involving gasoline dealer coercion.

Also during fiscal 1974, the regional offices recommended and the Commission provisionally accepted four consent orders involving the maintenance of competition. In the consent order provisionally accepted by the Commission involving Colt Industries, the respondent agreed to cease anticompetitive practices which had the effect of enforcing the manufacturer suggested retail prices on its dealers in the sale of firearms. In Lear Siegler, Inc., et al., the companies involved agreed to an order prohibiting interlocking directorates. Two of the provisionally accepted orders involved violations of the Robinson-Patman Act: Ponder & Best, Inc., prohibiting price discrimination and the discriminatory granting of promotional allowances and services in the sale of photographic equipment; and Lawry's Foods, Inc., prohibiting the discriminatory granting of promotional allowances in the sale of food products.

In addition, during fiscal 1974, the regional offices opened 31 formal investigations involving competition matters. A total of 74 competition-related open formal investigations were the responsibility of the regional offices at the end of fiscal 1974.

General Counsel Support
To Maintaining Competition

The General Counsel's staff serves as the Commission's lawyer in all court proceedings to which the Commission is a party in the United States District Courts,

U.S. Courts of Appeals and the U.S. Supreme Court unless after notice and consultation with the Attorney General, in accordance with the Alaska Pipeline Act amendment to the Federal Trade Commission Act, the Department of Justice is designated to take the proposed suit.

More recently, the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, enacted on January 4, 1975, eliminates the requirement that the Commission first notify and consult with the Attorney General and vests in the Commission exclusive authority to represent itself in the following civil actions in the United States district courts and courts of appeals: actions relating to injunctive relief under Section 13 of the Federal Trade Commission Act; actions relating to consumer redress under Section 19 of the Federal Trade Commission Act; actions to obtain judicial review of a Commission rule, or a cease-and-desist order issued under Section 5 of the Federal Trade Commission Act; and actions under Section 9 of the Federal Trade Commission Act to enforce (a) subpoenas, and (b) orders to file reports issued pursuant to Section 6 of the Federal Trade Commission Act. The Commission may also represent itself in such actions in the United States Supreme Court if it so requests the Attorney General and the Attorney General concurs in the request, or refuses to appeal or file a petition for a writ of certiorari, or fails to take any action with respect to the Commission's request.

The staff also serves as legal advisor to the Commission regarding questions of law and policy in the general areas of legislation, administrative law, procedure, jurisdiction, compliance with the Freedom of Information Act, enforcement of Commission subpoenas as well as any other areas in which the Commission deems the advice of the General Counsel to be necessary or desirable. In fulfilling these responsibilities, the General Counsel staff coordinates liaison activities with Congress and other Federal agencies, drafts comments on legislative proposals, administers the Commission's advisory opinion program, handles requests for access to Commission files under the Freedom of Information Act and advises the Commission as to the disposition of motions to quash investigational subpoenas. The staff's legal services are employed in connection with all the Commission's operational activities in the areas of competition and consumer protection.

During fiscal 1974, the appellate staff represented the Commission in 144 court cases, including 71 cases on hand at the start of fiscal 1974 and 73 cases which were initiated during the course of the fiscal year. Twenty-nine of the total involved appeals to the court of appeal from the Commission orders and of these 9 were in the competition area. A total of 112 collateral suits were worked on during fiscal 1974 including subpoena enforcement, injunctive, contempt and Freedom of Information Act proceedings and appeals therefrom. Approximately 40% of these suits involve the Commission's operational activities in the area of competition.

Among the significant actions in the area of competition which have resulted from the appellate staff's efforts during fiscal 1974 are the following. The Supreme Court denied certiorari in several cases in which the courts of appeals had affirmed the Commission's position. For example, in the Kennecott Corporation case, the Tenth Circuit upheld the Commission's decision striking down Kennecott's acquisition of Peabody Coal Co. as having been in violation of Section 7 of the Clayton Act. In National Association of Women's and Children's Apparel Salesmen, Inc., the Fifth Circuit affirmed a comprehensive restraint of trade order. And three

separate courts of appeals affirmed district court orders upholding the Commission's denial of motions by 3 national soft drink companies (Coca-Cola Company, Pepsico, Inc. and Seven-Up Company) to join bottling companies as indispensable parties in pending restraint of trade proceedings before the Commission.

During fiscal 1974, the Tenth Circuit affirmed a Commission order prohibiting discriminatory payments and allowances in Altermann Foods, Inc., and the Fifth Circuit affirmed in part and denied in part a Commission order prohibiting refusals to sell, territorial restrictions and other restrictive practices in the Adolph Coors Company case.

After the start of fiscal 1974, the Commission's compliance powers were appreciably strengthened by Congress in the Alaska Pipeline Act to allow the Commission to directly enforce its subpoenas and to prevent unfair competitive practices by seeking preliminary injunctions. During fiscal 1974, the Commission has successfully obtained preliminary injunctions halting restraint of trade and consumer deceptive practices during the pendency of administrative proceedings. A preliminary injunction was issued by the District Court of Delaware to restrain the acquisition of an industrial gas company by British Oxygen Company, Ltd.

During fiscal 1974 a district court dismissed an action brought by General Foods Corporation to enjoin the Commission from proceeding jointly against General Foods and 3 other cereal manufacturers named in a Commission complaint charging monopolization in the cereal industry.

In connection with its legislative function, the staff assisted in the preparation of reports, testimony and recommendations on proposed legislation and bills regarding: the enactment of legislation streamlining the Commission's procedures by providing new injunctive authority, broader authority to obtain investigative data and increased civil penalties for violations of Commission orders; proposed amendments to the Export Trade (Webb-Pomerene) Act to encourage business firms and to facilitate their engaging in export trade; the antitrust aspects of legislative proposals for deepwater port construction and operation; fuel and energy conservation; and Federal agency collection of information from regulated corporations.

Significant fiscal 1974 activities in the legal services area included recommendations on changes of policy and procedure for achieving more expeditious compliance with the requirements of the Freedom of Information Act and greater openness in Commission activities; and proposals for modifying trade regulation rule procedures.

Advisory opinion activities include clarification of a former advisory opinion on backhaul allowances to make it clear that under a delivered pricing system, the alternative availability to all purchasers of a true "f.o.b. mill" price, would not be illegal. *

* The Commission amplified this advisory opinion recently by stating that, in regard to the meaning of "true" f.o.b., no question would arise so long as the f.o.b. price was uniform and available to all customers on a nondiscriminatory basis.

When the Commission issues a complaint charging a law violation, and no consent settlement is reached, the matter is referred to an administrative law judge to conduct an adjudicative proceeding. Upon referral, the judge is in complete charge and is responsible for handling the case in a fair, objective and expeditious manner. The judge is the official presiding officer and he rules on virtually all matters arising in the course of the case including motions, pretrial proceedings, procedural questions, and all issues arising during the actual trial including questions relating to the admissibility of testimonial and documentary evidence. Upon conclusion of hearings, the judge issues an initial decision which includes proposed findings of fact based upon the applicable law and the evidence of record. If he finds that a violation of law has been proved, he includes an appropriate order. Either side may then appeal to the Commission.

Cases tried by an administrative law judge involve complex and important restraint of trade matters. The issues raised are often controversial and relate to difficult economic and competitive questions. The Commission's cases are generally highly significant because of their actual or potential impact upon the public, the economy and business relationships between corporations within important industries. Large financial interests are usually at stake, directly or indirectly, and public interest is often nationwide. It is not uncommon for a record before an administrative law judge in a major antitrust case to consist of thousands of pages of transcript and hundreds of exhibits. Complaints issued by the Commission have tended to become more complex in recent years involving larger firms, making disposition more time consuming and difficult.

At the beginning of fiscal 1974 there were 38 competition cases in the hands of the Commission's staff of administrative law judges.

Among the competition cases in trial before the administrative law judges during fiscal 1974 were the following: American General Insurance Company, D. 8847; Associated Dry Goods, D. 8905; Boise Cascade Corporation, D. 8958; British Oxygen, D. 8955; Central California Lettuce Producer Corp., D. 8970; Coca-Cola Company, D. 8855; Dr. Pepper, D. 8854; Exxon, D. 8934; Food Fair Stores, D. 8935; Fruehauf Corporation, D. 8972; The Great Atlantic & Pacific Tea Company, D. 8866; Hearst, D. 8904; Kaiser Steel Corporation, D. 8878; Kellogg, D. 8883; Liggett & Myers, D. 8938; Litton Industries, D. 8778; PepsiCo, Inc., D. 8856; Phillips Petroleum, D. 8930; Retail Credit Company, D. 8920; Rubbermaid Incorporated, D. 8939; Standard Oil Company of Ohio, D. 8910; Textron Inc., D. 8927; Warner-Lambert Company, D. 8850; Bendix Corporation, D. 8730; ITT Continental, D. 7880; Rockwell International Corporation, D. 8842; Nerox, D. 8969.

Fiscal 1971-1974 competition caseload statistics for matters before the administrative law judges follow:

<u>Fiscal Year</u>	<u>On Hand Beginning of Year</u>	<u>Received</u>	<u>Dispositions</u>
1971	20	16	9
1972	27	19	15
1973	31	19	12
1974	38	12	14
1975	36	-	-

CONSUMER PROTECTION

The fiscal 1974 major program accomplishments achieved under the Consumer Protection mission are discussed below under the following headings: national advertising, marketing practices, rulemaking, special projects, special statutes, compliance, consumer education, and scientific opinions. Finally, sections are included, respectively, on Regional Office and General Counsel support to the mission, and on Administrative Law Judge participation.

National Advertising

The major achievement in 1974 was the restructuring of the Advertising Substantiation Program. The program was redesigned to make it a more effective vehicle for developing cases for litigation and to shorten the interval between the publication of an advertisement and the staff analysis of the materials substantiating the ad. The revised program also allows for a more thorough evaluation of the substantiation materials submitted through the use of outside consultants.

The staff also substantially completed investigations prior to implementing several components of the Commission's Product Information Program. That program is designed to ensure that material information about key consumer products--e.g., food, prescription drugs, and automobiles--is disclosed to the consumer.

In 1974, a total of 8 consent orders were negotiated. In addition, 2 initial decisions and 1 Commission decision were issued. The Commission also issued 6 proposed complaints under Part II of its Rules.

In the area of food and nutrition advertising, consent orders were negotiated in American Dairy Association involving nutritional and weight reducing claims made for whole milk and Carnation Company, et al. involving misleading comparisons between the nutritional characteristics of Carnation Chocolate Flavored Nonfat Dry Milk and whole milk. Also in the area of food and nutrition advertising, the Commission issued its decision in ITT Continental Baking Company.

Proposed complaints were issued in Dahlberg Electronics, Inc., Radioear Corporation, Textron, Inc., Seeburg Industries, Inc., Sonotone Corporation and Beltone Electronics Corporation, all manufacturers of hearing aids.

Consent orders were accepted by the Commission in Rheem Manufacturing Company and Whirlpool Corporation, both involving efficacy claims for air conditioning.

In other areas, consent orders were accepted by the Commission in Loew's Corporation involving unfair judging of the Kent Castle Contest and Trans-American Collections, Inc., involving the use of deceptive debt collection techniques. Consent orders were provisionally accepted by the Commission in Ford Motor Company, involving claims made for the structural strength and quietness of Ford automobiles and, in Sterling Drug Company, Inc., involving false disease prevention claims for Lysol Spray Disinfectant. In addition, an initial decision was handed down in

Bristol-Myers Company involving claims for Dry Ban Spray Deodorant. An initial decision was also issued in Sun Oil Company, a case alleging misleading claims for the octane properties of Sunoco gasoline. At the close of the year, 9 additional national advertising trials were in progress.

Marketing Practices

The major 1974 achievements of the Commission's program to combat unfair or deceptive marketing practices consisted of landmark consent decrees affecting the sales practices of sellers of undeveloped land, sellers of flammable plastics, and sellers of pesticides.

The Commission provisionally accepted an order against the GAC companies, large interstate land sales firms. Under the provisional order, the GAC companies are obliged to make cash refunds of up to \$2.8 million and to exchange land valued at up to \$14 million to past purchasers. The order also provides for full disclosure of significant facts and for a 10-day cooling-off period for future consumers.

In the plastics flammability matter, Society of Plastics Industries, Inc., et al., the Commission provisionally accepted an order from 26 manufacturers of such products. The order contains proscriptions on deceptive safety claims, requires warnings of hazard to future and past purchasers and provides for the creation and funding (\$5 million) of a research committee to develop reliable flammability testing techniques. Also approved and published was a proposed trade regulation rule to provide for prohibitions on deceptive safety claims and warnings as to the flammability of a wide number of plastic products and an investigation of several standards and certification organizations.

In the pesticides matter, the Commission accepted orders against two large interstate sellers of pesticides, Hercules Corporation and Union Carbide Company. The orders required full disclosures of all safety hazards associated with pesticides products to be made in advertising of those products. The staff also substantially completed a comprehensive investigation preparatory to issuance of a trade regulation rule governing advertising of such products.

In addition to these major accomplishments, the staff completed its analysis of the record developed in connection with the initial proposed trade regulation rule governing franchising and submitted its recommendation for a revised proposed rule. It also continued the investigation of warranty practices and problems concentrating particularly on mobile homes. By the end of the year, the staff had completed its investigation and was in the process of recommending several courses of action for Commission consideration, including possible cases and proposed rules.

During 1974, the following docketed matters were in the prehearing stage: Coca-Cola Company, D. 8824; Control Data Corp., D. 8940; Lear Siegler, Inc., D. 8953; ECPI Inc., D. 8952; FMC Corp., D. 8961.

Koscot Interplanetary, Inc., D. 8888, Grolier, Inc., D. 8879, and Great Atlantic & Pacific Tea Co., D. 8916, were in trial. Encyclopedia Britannica, Inc., D. 8908, and Beneficial Corp., D. 8922, were pending for initial decision at the end of the year.

Rulemaking

The position of Special Assistant Director for Rulemaking was created by the Commission on July 10, 1973, when the Division of Rules and Guides was abolished. The purpose of this action was to give all divisions of the consumer protection staff the option to proceed in problem areas either by rulemaking or litigation. The new Special Assistant Director for Rulemaking is charged with the responsibility of conducting rulemaking hearings. Responsibility for the development of rules was given to all operating divisions of the Bureau.

This section discusses Commission activity with respect to those rules and guides which are at or near the final stages. Those proposed rules which are in earlier developmental stages are discussed under the substantive subheadings.

During the first half of FY 1974, rulemaking activity was quiescent, because of the pendency of a challenge in Federal court of the authority of the Commission to promulgate substantive rules of the business conduct. The case, National Petroleum Refiners Assoc. v. FTC, D.D.C., 340 F. Supp. 1343 (1972) was tried before the District Court for the District of Columbia which found that the Commission lacked the authority in question. An appeal was taken by the Commission. At the same time, as a matter of internal policy, the Commission determined that no new rulemaking proceedings should be commenced during the pendency of the case, but that work on previously announced proceedings should go forward to completion. The United States Court of Appeals for the District of Columbia reversed the District Court's judgment and remanded the case for further proceedings, affirming the Commission's view that it is authorized to promulgate rules defining the meaning of the statutory standards of illegality which the Commission is empowered to prevent. The plaintiffs in that case, the National Petroleum Refiners Association, filed a petition for a Writ of Certiorari with the Supreme Court. The petition was denied in February 1974.*

After the Petroleum Refiners opinion, the Commission acted to set effective dates for two Rules promulgated during the pendency of the case:

(a) Cooling-Off Period For Door-to-Door Sales - This Rule provides consumers with a three-day cooling-off period within which purchasers may cancel a transaction wherein the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller.

(b) Use of Negative Option Plans by Sellers in Commerce - This Rule prescribes certain disclosures which must be made during the offering for sale, sale and distribution of goods marketed under "negative option" plans. Examples include notification of the right of subscribers to cancel membership upon completion of the agreement; the right to take at least ten days before mailing a negative option form to the seller, an announcement identifying the latest selection, the right to receive credit for merchandise returned, the right of the buyer to have introductory or bonus merchandise shipped within four weeks after receipt of order by the seller.

*Judicial affirmation of the Commission's rulemaking authority was subsequently confirmed legislatively by enactment of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act on January 4, 1975.

Other proceedings in progress during 1974 were:

(a) Buyers' Claims and Defenses in Consumer Installment Sales - A rule-making proceeding to limit application of the common-law concept of Holder-In-Due-Course in consumer transactions so that consumers will not lose potential claims and defenses in installment transactions when obligations are assigned or transferred to third parties.

(b) Law Book Publishing Industry - A Guide proceeding to require that sellers of law books make various disclosures in the course of sale of industry products, including the name of the author or compiler of a publication, latest copyright date, whether the publication is supplemented, whether the publication is part of a set or series, amount of shipping and handling charges, type of binding, and others.

In both of these proceedings staff work was essentially completed during FY 1974, the public record closed and analyzed by the staff, which was preparing final reports and recommendations for Commission consideration.

The Commission directed the staff to evaluate the content of and need for the existing 177 Trade Practice Rules and Industry Guides and, where appropriate, make recommendations to the Commission either for rescission or amendment.

During the year the Commission issued a final Trade Regulation Rule Concerning Power Output of Amplifiers. This Rule requires certain disclosures regarding the power capacity or characteristics of sound amplification equipment used in the home. The Rule also sets forth minimum test conditions that manufacturers must meet in order to make certain disclosures regarding power output.

In other rulemaking activity, the Commission's Care Labeling Rule, which requires disclosure of the proper care and treatment of most textile wearing apparel was republished together with a series of questions for comments to determine the effectiveness of the Rule and whether to expand coverage to other products such as carpets and drapes. Over 8,000 written care labeling comments were received and evaluated by the staff.

The Commission also issued Guides for the Household Furniture Industry, effective March 1974, specifying affirmative disclosures of the materials used in the construction of furniture products. The guides also apply to the outer covering, stuffing and padding in furniture, as well as to certain representations such as "floor sample."

Special Projects

Five major special projects have been carried to advanced stages during the past fiscal year. They are the Creditors' Remedies Project, the Vocational School Project, the Funeral Project, the Condominium Investigation and the Recessional Advertising Program.

The Creditors' Remedies Project, initiated in FY 1973, is directed at abuses which have arisen following the massive growth of outstanding consumer credit from \$5.7 billion in 1945 to more than \$180 billion in 1973. During fiscal 1974, the staff completed an industry-wide investigation, including evaluation of more than

6,000 consumer debtor account files, the drafting of a program to regulate abuses in the industry and the preparation of an extensive report to the Commission recommending promulgation of a trade regulation rule limiting certain allegedly abusive creditor remedies.

The Vocational Schools Project was an extensive investigation of the \$2.5 billion vocational school and home study industry and the preparation of a comprehensive proposed trade regulation rule which includes requirements for a pro rata refund policy, a 10-day cooling-off/affirmation period, affirmative disclosure of placement information, and provisions governing advertising.

The Funeral Project is concerned with an analysis of possible unfair and deceptive practices in the funeral industry. In February 1974, the Commission released the results of a pilot survey of funeral prices in the District of Columbia designed to bring about an increased public awareness of pricing practices and to provide an impetus toward regulation by states and the industry itself. Investigations into practices of some of the larger mortuaries were also pursued with a view toward possible corrective action against practices which may unfairly exploit or deceive the public.

Preliminary staff investigation of the Condominium Industry (which accounted for an estimated 50% of new home starts in 1973) uncovered a variety of alleged abuses in sales contracts and promotional schemes. An industry-wide formal investigation was approved by the Commission near the end of FY 1974.

The "Recession Advertising" Program was developed as a response to the proliferation of companies promoting "get rich quick" money-making schemes and home-study courses during the current period of economic uncertainty. Some approaches to problems uncovered in the home-study field were incorporated into the proposed Vocational School Rule. In addition, staff pursued investigations of companies offering home-study courses.

In addition to activities in these five major program areas, several preliminary investigations were developed in FY 1974, including inquiries into possible unfair practices in contract terms used by employment agencies and nursing homes.

Special Statute Enforcement

Truth in Lending Act

The Commission maintained its active Truth in Lending enforcement program by issuing 34 complaints charging violations of that statute. One major case completed during the year involved a national creditor, W. T. Grant Company (D. 8931), in which the Commission issued a final order prohibiting misrepresentations in connection with the sale of coupons offered on the installment plan and prohibiting violations of the Truth in Lending Act in connection with the sale of credit life and credit accident and health insurance. Also completed by consent decree was a case against the nation's fourth largest consumer finance company, Commercial Credit Company (C-2420), involving an alleged pattern of conduct designed to discourage the declination of "voluntary" credit insurance offered in connection with personal loans.

Fair Credit Reporting Act

A complaint was issued against the nation's largest investigative reporting agency, Retail Credit Company (D. 8954), alleging violations of Section 5, Federal Trade Commission Act, and of the Fair Credit Reporting Act. In addition, the Commission presented testimony to Congress recommending reform of the Fair Credit Reporting Act.

Fair Packaging and Labeling Act

In the area of fair packaging practices, the Commission issued six complaints against major toy manufacturers challenging as deceptive a practice known as "slack-fill," alleging that the toy makers engage in the practice of packaging toys and children's games in containers which far exceed the size actually needed for the normal packaging of such articles (Walco Toy Co., Inc., D. 8921; Milton Bradley Company, D. 8926; Avalon Industries, D. 8925; Activtoys, Ltd., C-2389; Edu-Cards Corp., D. 8924; and Pastime Industries, Inc., D. 8923). The Commission issued for public comment a proposed Rule under the Fair Packaging and Labeling Act, requiring the listing of ingredients on all packages of detergents and other cleaning products. During the year, the Commission also announced a Voluntary Guideline Agreement with the detergent industry whereby industry members agreed to comply with a uniform labeling program for the disclosure of the phosphorus content and biodegradability of industry products, by use of a "product information panel."

Compliance

During Fiscal 1974, the Commission accepted 114 written compliance reports; rejected 26 written compliance reports and authorized further appropriate action; and approved civil penalty proceedings in 10 consumer protection cases involving a wide variety of deceptive practices. Four civil penalty proceedings were disposed of in fiscal 1974, resulting in judgments totaling \$126,000.

Two civil penalty actions were in the appellate stage during fiscal 1974, including U.S. v. The J.B. Williams Company, Inc., et al., in which the U.S. Court of Appeals for the Second Circuit affirmed the summary judgment of the district court of \$155,000 as to two counts against one defendant and remanded the case as to all other counts to the district court for a jury trial.

In addition to participation in the civil penalty cases listed above, staff attorneys worked with Department of Justice attorneys or U.S. Attorneys in the litigation stage in five cases: U.S. v. Bestline Products Corporation, et al.; U.S. v. Americana Corporation; U.S. v. Raymond Anderson, et al.; U.S. v. Del L. Young; and U.S. v. Irving R. Risskin.

Consumer Education

Major consumer education programs were conducted during fiscal 1974 respecting vocational schools and consumer credit disclosures. These were multi-media efforts to apprise consumers of the potential pitfalls in enrolling in some vocational school courses and of the value of using credit cost disclosures required by the Truth in Lending Act.

In addition, Interpretative Actions (IA's) covering several topics related to Commission activities were prepared. Interpretative Actions are radio scripts and question and answer formats. This material is disseminated to various interested parties and the media. IA's were developed for:

- freezer meat specials--warning of possible bait and switch tactics;
- supermarket specials--appraising consumers of the right to get advertised specials at the advertised price;
- home amplifiers for stereo systems--describing the uniform means of measuring amplifier output as prescribed by the Amplifier Trade Regulation Rule;
- care labeling--educating consumers of the right to have care labels with their clothes and fabrics;
- door-to-door sales--explaining the consumer's right to a 3-day cooling-off period; and
- Fair Credit Reporting Act--advising consumers of their right to be informed of the information contained in credit reporting agency reports on them.

Some of the Commission's educational materials were translated for more effective use in Spanish-speaking communities.

Scientific Opinions

During fiscal 1974, the Commission's Scientific Opinion staff provided written reports to the Commission and to Commission staff; located and interviewed prospective expert witnesses; advised attorneys on scientific investigations which in some cases included laboratory tests; and provided assistance in analyzing advertising substantiation program data submitted by manufacturers and sellers pursuant to Commission orders. Scientific and technical analyses of over 100 consumer products, including pharmaceuticals, cosmetics, foods, household cleaners, detergents, automobile tires and paints, were prepared.

Extensive tests were run to measure the tar and nicotine content of all domestic brands of cigarettes. The results of these tests were released for use by the public.

Regional Office Support to Consumer Protection Mission

Regional office activities, while covering all assigned consumer protection programs, placed additional emphasis on the Regional Advertising Program, the Vocational Schools Program, the Land Sales Program, Consumer Education, and Federal/State activities.

The Regional Advertising Program authorized and directed each of the 12 regional offices to institute continuous monitoring of regional advertising effectively correcting significant regional advertising abuses in violation of Sections 5 and 12 of the Federal Trade Commission Act. The complaints and orders which resulted should improve the standards of regional advertising.

Under the Vocational School Program, regional office efforts were directed toward the elimination of alleged unfair or deceptive acts or practices in the vocational school industry, including misrepresentation concerning the demand for graduates or starting salaries, misrepresentations concerning the school's ability to obtain jobs for graduates, and misrepresentations concerning the extent or nature of accreditation status, and the use of inequitable refund policies.

Several regional offices are participating in the Land Sales Program. The marketing practices of major interstate land sales firms are being investigated to determine whether formal action is appropriate. Possible deceptive representations concerning investment potential, future development obligations of the seller, and others, unfair contract terms, including refund procedures, and failure to disclose information, are under scrutiny. The proposed settlement of the GAC matter is an example of the possible relief in such cases.

Regional offices maintained a high level of consumer education activity. Distribution of large amounts of information on vocational schools, resulting in considerable media exposure, and the developing of scripts for television and radio public service slots, accounted for the largest portion of this activity. Additionally, regional offices were active in the dissemination of interpretive action scripts and delivery of numerous speeches before "multiplier" groups, such as vocational counselors who come in contact with many students.

A substantial increase in the number of regional office man-hours devoted to federal/state activities was realized in fiscal 1974. In addition to increased contacts and closer relationships with state consumer protection personnel, new efforts were made to establish relationships with city and county agencies.

In addition to the activities outlined above, the regional offices contributed significantly to the staff Report to the Commission on an evaluation of the Mandatory Petroleum Allocation Program. This project entailed monitoring the activities of the 10 F.E.O. regional offices and all 50 State Allocation Offices and the compilation of 120 case studies.

Regional office activity in fiscal 1974 accounted for the recommendation and Commission issuance of 29 formal complaints and the granting of 2 injunctions by the Federal District Courts.

Additionally, regional offices opened 246 formal investigations in areas involving alleged violations of Section 5 of the FTC Act and 88 investigations involving alleged violations of the Special Statutes (Truth in Lending, Textile Wool and Fur, Fair Credit Reporting, and Fair Packaging and Labeling Acts). These investigations resulted in Commission issuance of 64 proposed complaints alleging violations of Section 5 and 7 proposed complaints alleging violations of the Special Statutes. These investigations also lead to acceptance of 54 consent agreements involving Section 5 violations and 36 consent agreements including violations of the Special Statutes.

**General Counsel Support
to Consumer Protection**

As noted in the discussion of the competition mission, the General Counsel staff represented the Commission in 144 court cases during fiscal 1974. Twenty of these cases involved appeals to the appellate courts from Commission orders which resulted from adjudicative proceedings in the area of consumer protection. Approximately 60% of the 112 collateral suits initiated by or against the Commission were related to the Commission's consumer protection activities.

From the standpoint of the Commission's consumer protection activity, the most significant event which occurred in fiscal 1974 was the Supreme Court's denial of a petition for certiorari by National Petroleum Refiners Association from an appellate court ruling upholding the Commission's authority to promulgate substantive trade regulation rules.* It is anticipated that the promulgation of trade regulation rules will result in greater industry-wide observance of Commission determinations expressed in such rules than would otherwise be achieved by the case-by-case approach and will also facilitate the trial of cases brought by the Commission challenging practices proscribed by such rules.

The Commission's use of its new authority to obtain preliminary injunctive relief in consumer protection cases has been upheld. A preliminary injunction was obtained against Travel King, Inc., restraining the use of false advertising of "psychic surgery."

Decisions favorable to the Commission were obtained in several appellate court reviews of Commission orders in consumer protection cases: The Fifth Circuit affirmed a Commission order against Brown Auto Stabilizer Co. with respect to performance and safety misrepresentations. The Commission's decision and order prescribing Truth in Lending Act violations by Credit Card Service Corp. was affirmed by the District of Columbia Circuit. The Seventh Circuit sustained the Commission's deceptive advertising order against Spiegel, Inc. And, the Second Circuit affirmed in part and remanded in part the Commission's order against National Dynamics Corp.

**Administrative Law Judges Participation
in Consumer Protection Mission**

The number of cases referred for trial in the area of consumer protection has increased gradually in the past several years.** In fiscal 1974, 29 new cases were referred whereas in fiscal 1971 and fiscal 1972, 21 and 24 cases respectively were referred for trial. Many of these matters involved large corporations and posed difficult issues, both of liability and proper relief. During fiscal 1974, the following were among the consumer protection cases in trial before the administrative law

* This authority was subsequently confirmed legislatively by enactment of the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act on January 4, 1975.

** Note introductory remarks on ALJ activity at beginning of Maintaining Competition mission.

Judges: Bristol-Myers, Dkt. 8897; Sterling Drug, Dkt. 8899; Sun Oil, Dkt. 8889; General Motors, Dkt. 8907; Ger-Ro-Mar, Dkt. 8872; Cone Mills, Dkt. 8900; American Home Products Corp., Dkt. 8918; Beneficial Corp., Dkt. 8922; Control Data Corp., Dkt. 8940; Encyclopedia Britannica, Dkt. 8908; Fedders Corp., Dkt. 8932; Grolier, Inc., Dkt. 8879; Koscot, Dkt. 8888; Warner-Lambert, Dkt. 8801; FMC Corp., Dkt. 8961; The Atlantic & Pacific Tea Company, Dkt. 8916; Retail Credit Company, Dkt. 8954.

Fiscal 1971-1974 consumer protection caseload statistics follow:

<u>Fiscal Year</u>	<u>On Hand Beginning of Year</u>	<u>Received</u>	<u>Dispositions</u>
1971	18	24	22
1972	20	24	23
1973	21	31	19
1974	33	31	24
1975	40*		

* Judges are now staffed at eleven as compared with a figure of ten for most of FY 1974.

ECONOMIC ACTIVITIES

The fiscal 1974 program accomplishments of the Economic Activities mission are described below under three broad programmatic headings: financial and statistical reporting, enforcement support, and industry analysis activities.

Financial & Statistical Reporting

The primary function of FTC's financial and statistical reporting activities is to collect, analyze, and publish aggregate data on structural and performance developments in the manufacturing, wholesale and retail trade, and mining sectors.

Line of Business Program

The newest of the Commission's financial and statistical activities is the Line-of-Business Program. This program is designed to collect and publish aggregate data on the economic performance of large firms in the U.S. economy. It was approved by the GAO after a series of hearings in FY 1974. In the initial round covering the 1973 reporting year, data on total sales, direct costs, direct advertising, direct research and development, and direct assets was gathered for each line of business engaged in by the largest U.S. manufacturing corporations.

Quarterly Financial Report

In 1974, the QFR program was expanded into mining and wholesale and retail trade sectors. Large companies are reporting already and the mailing lists for the smaller sampled companies will be obtained in Fall 1974 from the Internal Revenue Service. Virtually all possible QFR operations were automated in FY 1974. These included the data entry, manipulation, and mailing subsystems. The IRS also began developing a completely new automated sampling system to service the QFR program.

Merger Series

In fiscal 1974, the annual merger report series (i.e., the Federal Trade Commission Statistical Report on Mergers and Acquisitions) was expanded to include acquisitions of U.S. companies by foreign firms in calendar year 1973. The newest report also embodies innovations to yield a more accurate picture of domestic mergers and acquisitions of foreign firms by U.S. companies.

Corporate Patterns Survey

The pretested corporate patterns survey was revised and prepared for transmittal to GAO for clearance. It will provide a detailed view of 1972 sales by the 1,000 largest U.S. manufacturers in narrowly defined industries.

Premerger Notification

The premerger notification form was revised, largely to obtain 1972 rather than 1967 value of shipments data covering acquiring and acquired companies. The new form should improve the Commission staff's ability to screen for possible violations of Clayton Act, Section 7. It will also provide better information for analyzing the impact of large mergers on individual industries.

Enforcement Support Activities

Much of the Commission's economics staff was occupied during fiscal 1974 with enforcement support activities. There was intensive preparation for the case alleging domination of the office copier market by the Xerox Corporation. Also, economic analyses supported complaints involving alleged joint monopolization by the four largest breakfast cereal companies and the eight largest petroleum companies; a wide-ranging study of the nation's energy industries; and other full-scale industry-wide investigations. Preliminary inquiries were conducted for ten additional industries. Economists participated in eleven other formal investigations in such diverse areas as coffee, industrial gases, medical supplies, title insurance, beer, and supermarket pricing.

Economic assistance was also provided for nearly all the investigations and litigation of the Commission's merger case and for a variety of trade practices matters.

Industry Analysis

During fiscal 1974, a report, Concentration Levels and Trends in the Energy Sector of the U.S. Economy, was completed from published data and transmitted to the Congress. It reported levels and trends in concentration and the production of crude oil, natural gas, coal, uranium, and all four fuels combined for the period 1955 to 1970. It also analyzed the impact of major energy firm mergers and acquisitions on concentration. Further work to measure concentration of energy resources reserves is proceeding.

Another Economics staff report, Regulation of the Television Repair Industry in Louisiana and California: A Case Study, tested the effect of two types of state laws on the price and probable quality of television repairs under widely differing types of regulatory schemes in California, Louisiana, and Washington, D. C.

Work on many other industry study projects moved forward. Thus, survey forms subpoenaed under FTC Act, Section 6(b), were received and processed in connection with a major study of prescription drug pricing and promotion; the empirical work for a study concerning the effectiveness of compulsory patent licensing was completed; incandescent light bulb manufacturers and consumers were surveyed concerning the effects on purchasing decisions of various information disclosure rules; and a study of market share instability neared completion.

EXECUTIVE DIRECTION AND POLICY PLANNING

This mission serves to provide the Commission with overall executive direction, policy planning, program evaluation, and other direct support of its daily operations. The resources support the operations of the Commissioners and their immediate staffs, the Executive Director, the Director of Policy Planning and his staff, the Information Officer and his staff, the Office of the General Counsel, and the Secretary and his staff directly serving the Commission.

The goal of these activities is to ensure that the Commission's Congressionally-mandated missions of Maintaining Competition, Consumer Protection, and Economic Activities are carried out in both an effective and efficient manner. Particularly important are the tasks of establishing overall program priorities; allocating resources, both human and financial; and monitoring execution of approved activities. Highlighted below are activities in Policy Planning and Evaluation, Office of the Secretary, Public Information and the Executive Director.

Policy Planning and Evaluation

The primary function of the Office of Policy Planning and Evaluation is to advise the Commission with respect to how and where its resources should be committed so as to best serve the public interest.

During the past fiscal year the Office prepared and submitted to the Commission the first Budget Overview Report, which presented a framework within which the Commission could consider the fiscal 1975 budget requests of the major enforcement units. The Budget Overview articulated the various public policy ends that the Commission might achieve under its statutory authorization and organized all staff proposed activities and programs into the planning framework thereby created. Thus, the Commission was given a point of reference for the broad resource allocation decisions that are necessary to optimize the mix of law enforcement activities subject to the constraint of a budget. The Report organized a large body of relevant economic data to which the Commission could refer to inform these resource allocation decisions and to evaluate the resource allocation recommendations made by the Office in the Report.

As a part of this Budget Overview project the Office worked closely with the major enforcement units in helping them to further organize their activities into programs. As a result of this joint effort, additional activities were brought into the framework of enforcement programs defined by goals and objectives with attendant strategies, target dates for completion, and concrete estimates of the resources to be devoted to each.

The Office provided technical assistance to the major enforcement units in the development of program plans and analytic program guides which define problem areas and develop a strategy or alternative strategies by which defined objectives can be achieved. The Office wrote a handbook to be used in preparing analytic program guides. In addition, the Office wrote the new Deceptive Pricing Guide which will clarify the law on this subject for those subject to the Commission's jurisdiction.

The Office continued its evaluation work. As a part of this effort, the Office performed a survey to test whether the proposed Detergent Ingredient Labeling Rule would provide consumers with information that would allow them to make better value comparisons. Work was substantially completed on the Regional Advertising Cost-Benefit Guidelines that will allow the Commission and the Regional Office staff to evaluate competing regional advertising matters on the basis of cost as compared to the probable pay-off to consumers.

Work began on the initiation of new programs, the first of which was the Prescription Drugs Program. Background studies were performed on problems and possible remedies at the manufacturing level with a view to submitting the second report to the Commission during the current fiscal year.

Office of the Secretary

Publications and Records

This functional area includes legal and public records and the rules and publications section. The records function serves the Commission by establishing and maintaining all the formal and informal records of the Commission. All requests for access to records information are filled by this office.

A project for microfilming of Commission records was begun in the last quarter of FY 1974, making it easier to grant access to the records and to maintain integrity of the files.

Legal and Public Records

Fiscal 1974

Public Information requests (telephone and personal visits).....	31, 420
Written requests for one or more publications	35, 138
New 7-digit file numbers assigned	374
Consent Agreements.....	94
Docketed cases	40
Access requests filled.....	134

Publications

Decisions - Volumes	1
- Monthly editions	5
Decisions - Supplements.....	1
Quarterly Financial Reports.....	4
Other Reports	10
Briefs	1
Consumer Bulletins and Buyer's Guides	11 (4 in Spanish)

Index/Digest

In fiscal 1974, work continued on an Index/Digest of Commission orders, opinions and rules being prepared by Matthew Bender and Company, Inc.

This project, begun at the end of fiscal 1973, contemplates the publication within three and three-quarters years from the outset of the contract a comprehensive seven volume-plus index of all court decisions arising out of Federal Trade Commission cases since 1914 and all final and interlocutory decisions of the Commission, rules, advisory opinions and enforcement statements since 1946. The publication will include an update service indexing Commission cases on an ongoing basis.

An initial classification scheme prepared in fiscal 1974 by Matthew Bender in collaboration with the Commission Index/Digest Committee has been tentatively approved by the Commission and is now in use by Matthew Bender in connection with its preparation of the Index/Digest.

Public Information

The Commission's public information activities maintained a distribution of news releases to reporters who cover Commission activities, as well as to consumers, attorneys, businesses, and other groups. The information staff also handled all media inquiries; conducted 11 headquarters, and assisted in 5 regional office, news briefings; issued some 400 news releases and answered or referred thousands of written requests for information.

A major fiscal 1974 activity was a complete revision of the computerized mailing system to provide more responsive and efficient service. As part of this revision, a thorough review was made of the recipients of FTC mailings to determine current and continuing interest. Other areas studied included developing a system to control the production of a news release from Commission minute to finished release, custom tailoring news distribution patterns, and improving the productivity of the office.

Executive Director

In addition to providing day-to-day operating direction to the Commission's staff, the Executive Director in fiscal 1974 was involved in such areas as:

- Improving the Commission's management information systems capabilities through guiding top staff and working group design and development efforts.
- Improving operating efficiencies and procedures for assuming new and expanded staff financial and programmatic responsibilities.
- Strengthening organization planning and the introduction of management-by-objectives principles and procedures.

- Improving the delivery of administrative services and management assistance to the Commission's principal enforcement programs; and
- Developing management guidelines and techniques for Commission-wide application

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ADMINISTRATION AND MANAGEMENT

This mission provides support and service to the Commission and its major operating units in the areas of personnel, finance, management analysis and data processing, law library, and general office and administrative services. Highlights of program accomplishments in these areas for fiscal 1974 are discussed below.

Personnel

During FY 1974, the full range of personnel management services were provided for a total of more than 1600 employees. In-house training was provided for approximately 350 employees, and employees were sent to 170 classes in government and non-government facilities outside the agency.

A manpower and financial (salaries and wages) planning system was designed and implemented to provide the agency with improved control over its recruiting and staffing needs in relation to monies available. Under this new approach, at the beginning of each quarter, heads of operating offices review past and projected turnover, and hiring needs for the coming quarter. When the system was initiated early in fiscal 1974, the agency had approximately 200 vacancies, or 12.5 percent of its positions unfilled. By the middle of the second quarter and for the remainder of fiscal 1974, the vacancy rate was less than one percent.

The attorney recruitment program for fiscal 1974 was designed to provide the agency with an additional 115 attorneys: 65 of whom are recent law school graduates, and the remainder experienced attorneys. The attorney recruitment activities resulted in the filling of all targeted positions with high quality legal talent. For example, of the recent law school graduates, 31 percent (of those whose class standing was known) were in the top ten percent of their class; 82 percent were in the top third. For the first time, a balance between experienced and recently graduated lawyers was achieved in an effort to improve the agency's skills mix.

Between February and May 1974, a group of eight law professors presented a semester long course in trial techniques and negotiation skills to approximately 100 of the agency's young attorneys. Based upon materials and situations from actual FTC cases, the course provided practical techniques and strategies for working within the administrative adjudication structure of the agency. This course was a landmark in the Federal government for the training of attorneys.

During fiscal 1974, the Division implemented its Personnel Management Evaluation Survey program, through which the agency is evaluating on a regular periodic basis the effectiveness of personnel management practices, policies, and systems. Surveys were conducted in five regional offices and three headquarters organizational units.

Financial Management

The thrust of FTC's financial management activities was directed in fiscal 1974 towards the implementation of a computerized accounting system which integrates budget control responsibilities into the day-to-day program operations of the Commission.

In past years, FTC's program managers exercised rather limited managerial control over budgetary resources. Under the new system--which decentralizes financial accountability and responsibility for carrying out Commission-approved programs--program managers are responsible for controlling budgetary allocations at a detailed level, thereby requiring that budgetary implications of program decisions be fully considered in the accomplishment of program objectives. In addition to the provision of financial data on an organizational basis, the system will provide obligation and disbursement data at the program and case/project level for general operating expenses.

The Budget and Finance Division has also been instrumental in the detailed development and installation of this first program budget document.

Management Activities

The Management Division's major program accomplishments for fiscal 1974 included the following:

1. Preparing an information system design identifying information requirements of the Commission. This effort led to the further design of the following subsystems:
 - The Financial Management System will provide bureau managers with financial information necessary to meet increased responsibilities for fiscal management and budgetary control.
 - The design of the Operational Planning and Control System provided the basis on which this program budget was developed.
 - System requirements were developed for the Case/Project Tracking System which includes the ability to provide case status information and relate it to resource scheduling and use.
 - The Weekly Activity Reporting System was designed and implemented to improve professional staff activity with reporting on a case and program basis.

2. Implementing new data processing applications to support the financial statistics program and specifically the Quarterly Financial Report.
3. Completing a feasibility review for a document indexing, retrieval, and data analysis system, and the subsequent awarding of a contract for the provision of technical support to the planning of this system.
4. Completing a staff study of stenographic reporting services provided under contract to the Commission, resulting in actions which should substantially reduce reporting costs in 1975 and in the future.
5. Converting data processing services from an inadequate computer owned and operated by the FTC to modern facilities in outside service bureaus. This approach includes provision of on-line (i.e., direct access) services to key Commission applications.
6. Providing analytical services in support of several bureau formal investigations and surveys.
7. Developing with the Office of Public Information a more efficient mailing system for the dissemination of Commission news releases and other public information materials.

Library Services

During fiscal 1974, 1418 books and 1528 subscriptions were acquired or ordered. Over 4700 volumes were added to the collection and catalogued. Three bibliographic aids were published. Major shifting of over half the collection was completed. A systematic compilation of those materials related to legislation of interest to the FTC staff was begun.

Administrative Services

Among the significant program accomplishments of the Division of Administrative Services during fiscal 1974 were the following:

1. An in-house space occupancy survey and analysis was conducted to determine the current occupancy patterns and space needs of various categories of professional and clerical staff personnel.
2. Additional space was acquired in the Gelman and Pennsylvania Buildings for the expansion of the Bureau of Competition and the Energy Study Group.

3. Other actions:

Procurement actions processed.....	4,812
Internal work orders processed.....	986
G.S.A. work orders issued	140
Office moves using FTC labor force.....	538
Office machine repair orders issued	1,908

Highlights of Fiscal 1975 Work in Process

The Commission's major program activities and accomplishments in process for fiscal 1975 as of April 23, 1975, are discussed by mission as follows:

MAINTAINING COMPETITION

CONSUMER PROTECTION

ECONOMIC ACTIVITIES

EXECUTIVE DIRECTION AND POLICY PLANNING

ADMINISTRATION AND MANAGEMENT

MAINTAINING COMPETITIONThe Energy Program

Pretrial activity in the Exxon case has occupied approximately half of the Commission's resources in the energy area. The energy study component is developing under a schedule calling for phased completion and publication of a report to Congress in segments. In the enforcement follow-up area of the energy work, twelve consent orders were accepted involving interlocking directorates among energy companies.

The Food Program

In the grower-producer area pretrial activity has continued in the Central California Lettuce Cooperative case and a report concerning the Capper-Volstead exemption for agricultural cooperatives is in the final stages of preparation. At the manufacturer-processor level the Commission has issued complaints charging attempted monopolization in the baking industry (bread) (ITT-Continental Baking Co.) and monopolization in the lemon concentrate market (Borden, Inc.), and challenged acquisition of a large winery by a regional soft drink bottler (Coca-Cola Bottling Co. of New York) and acquisition of a prepared frozen food processor by an international food conglomerate (Nestle Alimentana S.A.). Settlement has been achieved in a dairy merger case (Deltown Foods).

In other food areas, major investigations in food commodities and in retail food pricing continue with the expectation of a report in the latter matter mid 1975.

Industry-Wide Enforcement

A major development has occurred in the proposal of settlement of the case involving monopolization in the office copier field (Xerox Corp.). While initial proposals for settlement were rejected by the Commission, a renegotiated consent order has been placed on the public record for comment.

Merger Enforcement

Trial activity in the general merger law enforcement area has been particularly heavy in fiscal 1975 with eight matters in trial or on appeal. On the other hand, a number of settlements have been achieved in matters that were in litigation (Bendix Corp. - automobile filters; North American Rockwell - textile machinery; Eaton, Yale & Towne - auto parts). Another matter has been withdrawn from litigation for consideration of a consent proposal (Kaiser-Steel - steel tubing). Adjudicative complaints were issued in four matters (Gifford-Hill & Co. - cement; Cargill, Inc. - cement; Anaconda Co. - aluminum cable; Jim Walter Corp. - building materials), and a proposed complaint has been issued for consent negotiation procedures in another case (Borg Warner - clutch and auto parts).

Horizontal Restraints

Proposed complaints were issued in cases involving Atlas Supply Company (tires, batteries and accessories), and four manufacturers of roof-truss plates. Three of the latter have been settled (Automated Building Components, Hydro Air Engineering, and J. D. Adams), while the fourth matter initially went to an adjudicative complaint, but has since been withdrawn from adjudication and a settlement negotiated (Sanford Truss Plate Co.).

A proposed consent has been reached in one shopping center lease restriction matter (Rouse Co.), and another has been withdrawn from adjudication for consideration of a proposed settlement. Two settlements were finally entered against two plywood manufacturers with respect to basing point pricing (International Paper, Vancouver Paper) while other manufacturers continue to litigate plywood pricing issues (Boise Cascade). Settlement was also achieved in an interlocking directorship matter (Lear Siegler).

Vertical and Distributional Restraints

Settlement was achieved in a major litigation involving gasoline dealer coercion (Phillips Petroleum Co.). Settlements were also reached with respect to one of the cases involving restrictions in hearing aid distribution (Dahlberg Electronics), and in seven other matters involving distribution practices including alleged violations of the Robinson-Patman Act. The Commission also issued a cease and desist order in Holiday Magic which involved several different restraints in pyramid, door-to-door sales of cosmetics.

A non-adjudicative disposition of a vertical restraints problem was attained under terms of an arrangement with the three national TV broadcasters whereby the broadcasters will undertake affirmative efforts to expand and encourage regional television advertising activities.

Regional Office Support to Maintaining Competition

The regional offices are handling significantly more competition-related matters during fiscal 1975 than was the case in previous years. Currently in litigation are two merger cases (Heublein, Inc. and Walter Kidde & Company, Inc.); one case challenging monopolization practices (Borden, Inc.); and a Robinson-Patman case (Gibson Products Company).

In other restraint of trade matters, three regional office cases involving shopping centers were settled: (Lear Siegler, Rouse, and Strawbridge & Clothier).

In the area of vertical and distributional restraints, regional offices achieved five additional settlements: (Duofold, Colt Industries, Ponder & Best, Cubco and Lawry's Foods).

General Counsel Support to Maintaining Competition

Major cases litigated by the Office of General Counsel in fiscal 1975 include Corning Glass Works and Coors. In Corning, the Seventh Circuit upheld the Commission's order prohibiting the respondent from forcing resale price

maintenance by those not subject to state fair trade laws. The major question in Coors is territorial restrictions, on which the Tenth Circuit ruled for the Commission in fiscal 1974, and the Supreme Court denied certiorari in fiscal 1975.

The Commission has published rules changes necessary to implement the Freedom of Information Act. In a major litigated Information Act case, Exxon, the Commission received a favorable decision from the U.S. District Court for the District of Columbia. The decision is presently on appeal.

The Commission has also published proposed revised discovery rules which would bring Commission practice in line with the Federal Rules of Civil Procedure. These will substantially assist in the discovery process in large complex antitrust litigation.

Administrative Law Judges Support to Maintaining Competition

The number of cases in adjudication in the competition or restraint of trade area has been increasing for the past several years. Complaints issued by the Commission have tended to raise more complex issues, making disposition more time consuming.

At the beginning of fiscal 1971, there were 20 competition cases in adjudication before administrative law judges. There were 36 on hand at the beginning of fiscal 1975. Competition caseload statistics follow:

Fiscal Year	On Hand Beginning of Year	RECEIVED			Dispositions
		Complaints	Remands		
1971	20	13	3		9
1972	27	18	1		15
1973	31	11	8		12
1974	38	11	1		14
1975 (3 Qtrs)	36	10	0		15

Significant competition cases which were completed by administrative law judges during the first half of fiscal 1975 include British Oxygen Company, Ltd. (merger between British Oxygen Company, Ltd. and Airco, Inc.), Tysons Corner Regional Shopping Center (restrictive leases in shopping centers), and Warner-Lambert Company (merger between Warner-Lambert Company and Parke-Davis Company).

CONSUMER PROTECTION

The major accomplishments of the Commission in the Consumer Protection mission during the 1975 fiscal year to date are discussed under the following headings: litigation, rulemaking, and other activities.

Litigation

The Commission has provisionally or finally accepted significant and innovative consent orders affecting the trade practices of sellers of flammable plastics, mobile homes, and vocational schools training, and the trade practices of several major department store chains.

In the plastics flammability matter, the order which the Commission finally accepted from 26 manufacturers of such products provided for extensive corrective advertising and a \$5 million fund to develop standards for measuring the performance of plastics products under actual fire conditions.

The mobile homes orders, which the Commission accepted from four major manufacturers of such products, provided for specific performance of warranty obligations which are owed to hundreds of thousands of consumers.

In the vocational school cases, the Commission accepted restitution orders from the owners of two major vocational schools, each of which was worth more than \$1 million to former students.

In the credit balance cases, the restitution orders which the Commission has accepted from four department store chains are worth as much as \$1.5 million to past credit customers.

In the areas of food, drug and cosmetic advertising, the Commission has obtained consent orders from advertisers of salt, vitamins, acne products and eye liners; and complaints were issued against six advertisers of hearing aids.

The Commission has also obtained consent orders from one national advertiser (General Motors Corporation) and six regional advertisers concerning energy consumption claims made about their products. In addition, complaints were issued against two other national advertisers based upon such claims.

In fiscal 1975 to date, Grolier, Inc. and Coca Cola Company, are presently being tried.

The following major cases are presently in the pre-hearing stage: Bristol-Meyers, American Home, Sterling Drug, Lear-Siegler, Incorporated, Control Data Corporation, Electronic Computer Programming Institute, Retail Credit, CMC Corporation, National Commission on Nutrition, Chrysler Corporation, and Ford Motor Company.

An initial decision is currently pending in Koscot Interplanetary, Inc.

Thus far in fiscal 1975, 33 proposed or final complaints have been issued by the Commission, 11 in Part III, and 25 in Part II. Part II complaints are settlements by consent agreement - Part III complaints are dispositions through the adjudicative process.

The Commission has finally accepted 22 consent agreements. Three other agreements are currently on, or have been on, the public record.

Currently, the Administrative Law Judges' decisions in Beneficial Finance Corporation, A&P, Warner Lambert Co., Bristol Meyers Co., and Encyclopedia Britannica, are being appealed to the Commission.

Rulemaking

The Commission's rulemaking activity during this fiscal year has been unprecedented. The Commission's regional offices are actively involved in these rulemaking processes. In fiscal year 1975 the Commission has thus far issued seven proposed rules which consist of not just one rule, but of a set of rules treating specific problem areas. A number of additional staff proposals are currently under consideration.

The proposed Air Conditioner Rule is concerned with the energy efficiency of room air conditioners.

The proposed Food Nutrition Rule addresses problems created by a variety of voluntary nutrition, food, energy and health claims.

The proposed Vocational Schools Rule is concerned with advertising of job training and job availability claims and with the possible unfairness of long-term contracts employed in that industry.

The proposed Mobile Homes Rule treats, inter alia, inadequate performance of warranty obligations.

The proposed Plastics Rule addresses inadequate warnings of hazards associated with various flammable plastics products.

The proposed Creditors Remedies Rule is concerned with contract claims which may have the tendency or capacity to operate unfairly.

The revised proposed Franchise Rule deals with the promotion and sale of franchises.

The Commission is also currently considering three proposed rules that would ensure that material information about the energy consumption of certain high energy-consuming products is disclosed to consumers and a Prescription Drug Rule that is concerned with factors which inhibit price advertising of prescription drugs. In addition, the Commission is considering proposed rules dealing with the promotion and sale of hearing aids and health spa services.

Finally, more than ten warranty rules are being developed pursuant to responsibilities under the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act.

Other ActivitiesCompliance

As of April 23, 1975, the Commission has accepted 84 written compliance reports; rejected seventeen written compliance reports and authorized further appropriate action; and recommended civil penalty suits for certification in eight consumer protection cases involving a wide variety of deceptive practices. Six civil penalty suits were terminated by judgment in fiscal 1975, resulting in judgments totaling \$278, 000.

Special Statute Enforcement

The Commission has maintained its active Truth-in-Lending enforcement program by issuing 50 complaints charging violations of that statute. Thirteen Textile, Wool, and Fur Acts complaints and seven Fair Credit Reporting complaints have also been issued.

Consumer Education

Interpretive Actions (IAs) covering several topics related to Commission activities were prepared. Interpretive Actions, radio scripts and question and answer formats, were disseminated to the media. IAs were developed for:

- Bait and Switch Tactics
- Deceptive Price Advertising
- Interstate Land Sales
- Gas Mileage Claims
- Home Study and Vocational Schools
- Foamed Plastics Products
- Funeral Costs
- Debt Collection
- Food Ads
- Truth in Lending
- Supermarket Specials
- Gold Commodity Purchasing
- Mobile Homes
- Deceptive Sales Practices
- Fair Credit Reporting

A number of the Commission's education materials were translated for more effective use in Spanish-speaking communities.

Scientific Opinions

Extensive tests were run to measure the tar and nicotine content of all domestic brands of cigarettes. The results of these tests were released for use by the public in October 1974.

Regional Office Activity

Regional Offices have actively assisted the Bureau of Consumer Protection in the numerous pending and proposed trade regulation rules and major projects such as those concerning vocational schools, the funeral industry, interstate land sales,

mobile homes and business opportunities (which includes franchising and pyramid sales matters). In addition, significant effort has been expended in the enforcement of the Commission's trade regulation rules on the Unavailability of Advertised Food Specials and the Cooling-Off Period in Door-to-Door Sales.

Major areas of regional office activity include primary enforcement of special statutes (Truth in Lending Act, Fair Credit Reporting Act, Fair Packaging and Labeling Act, and the Textile, Wool and Fur Labeling Acts); prepaid fee employment agencies, swimming pools, debt collection, dietary supplements, health spas, idea promotion, ghetto fraud, and regional advertising. As of April 23, 1975, regional offices were litigating 36 consumer protection cases and were in Part II consent negotiations in another 64 matters. In addition, significant settled consent orders include: Shaklee Corporation ("Instant Protein" case); Jack LaLanne (health spa case which included pro rata refund provisions); Joseph's Furniture Co., Inc. (ghetto fraud furniture case which included mandatory consumer arbitration provisions for disputed claims); and two Fair Credit Reporting Act cases (Seattle Credit Bureau and Syracuse Credit Bureau).

General Counsel Support to Consumer Protection Mission

A major consumer protection case litigated in fiscal 1975 was John Clifford Heater (Universal Credit). The Ninth Circuit denied the authority of the Commission to order restitution to consumers who have received worthless or virtually worthless goods or services. The case was not appealed, chiefly because Congress meanwhile passed the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act authorizing, *inter alia*, the Commission to sue in district court and in state courts for consumer redress.

The Commission has published changes and proposed changes in the Commission's Rules of Practice to incorporate the new trade regulation rule procedures mandated by the Magnuson-Moss Warranty - Federal Trade Commission Improvement Act.

Administrative Law Judges Support to Consumer Protection Mission

Complaints issued by the Commission since 1970 have increased significantly. Many of these matters involve major corporations and pose difficult issues both of liability and proper relief. Several of the adjudicative cases involve matters wherein restitution is being sought by way of relief. Consumer protection caseload statistics follow:

<u>Fiscal Year</u>	<u>On Hand Beginning of Year</u>	<u>RECEIVED</u>		<u>Dispositions</u>
		<u>Complaints</u>	<u>Remands</u>	
1971	18	21	3	22
1972	20	24	0	23
1973	21	30	1	19
1974	33	29	2	24
1975 (3 Qtrs)	40	34	1	29

Significant consumer protection cases completed by administrative law judges during the first half of fiscal 1975 include Encyclopedia Britannica, Inc. (alleged misrepresentations in recruiting sales personnel and in door-to-door sales of encyclopedias and related reference materials), Warner Lambert Company (alleged false advertising of Listerine mouthwash), and Congoleum Industries, Inc. (alleged flammable carpeting -- matter is now before the Consumer Product Safety Commission).

ECONOMIC ACTIVITIES

Early in fiscal year 1975 the Bureau of Economics mailed its first Line of Business (LB) survey questionnaire to 345 leading manufacturers. It is obtaining data on 1973 sales, gross margins, research and development outlays, and media advertising expenditures for 228 distinct lines of industrial activity. In addition, first round consultations with companies provided considerable qualitative information which will be used in redesigning the LB questionnaire for the 1974 reporting year.

Major studies of energy resource leasing practices, fuel cost adjustment clauses in electric power rate-making, the sugar industry, and processing margins in certain food industries are expected to be completed. An extensive study of the U.S. steel industry in its international context was initiated. Questionnaires for an investigation of heavy electrical equipment pricing behavior are currently at the General Accounting Office.

Completed during the year to date were studies of television repair practices. Also in process are studies of the relationship between industrial scale economies and worker alienation, and the impact of alternate foreign subsidiary accounting conventions on measures of aggregate industrial concentration. Data on the advertising of certain pharmaceutical products were analyzed, and new studies were begun on the effects of resale price maintenance and the links between industrial pricing behavior and macroeconomic stability.

The Quarterly Financial Report was extended to include mining and trade as well as manufacturing corporations, and a special survey was executed to ascertain the impact of changes during 1974 from FIFO to LIFO inventory valuation. An expanded report on 1973 merger activity was published. Questionnaires for a study of market shares and diversification among the 1,000 largest manufacturing corporations were cleared by the General Accounting Office.

General Counsel Support to Economic Activities Mission

The Office of the General Counsel coordinated obtaining review by the General Accounting Office of the line of business data collection forms. The Office also dealt with approximately 190 motions to quash the line-of-business orders, and is representing the Commission in court litigation involving more than 130 companies.

EXECUTIVE DIRECTION AND POLICY PLANNINGExecutive Director

The Executive Director's activities have concentrated upon improving the methods through which the Commission reviews the status of pending matters and renders guidance to the staff. The highlight of this effort was the Mid-Year Review held in February 1975. During this session the full Commission used the program budget and information provided by recently implemented management information systems to evaluate resource commitments to each Commission program. The evaluation included a review of actual accomplishments versus planned accomplishments as well as a check of financial status. This review resulted in a shift in resources among some programs, increased guidance to the staff, as well as an enhanced level of accountability.

In addition, beyond providing day-to-day programmatic guidance to the staff implementing policy directed by the Commission, the Executive Director in fiscal 1975 was involved in such areas as:

- Supervising the implementation of the Commission's management information system
- Continuing to strengthen the role of planning in the Commission's decision-making process
- Decentralizing responsibility for financial and programmatic control to the operating units

Policy Planning and Evaluation

In fiscal 1975 the Office of Policy Planning and Evaluation prepared and submitted to the Commission the second Budget Overview Report, analyzing the fiscal 1976 budget requests of the major enforcement units.

This Budget Overview was an improvement over the first one in at least two ways. First, because of the work done by the Executive Director and the Assistant Executive Director for Management with the major enforcement units, Commission programs became the basis of operations management as well as planning. A new unity between planning and management was established. As a result, the program recommendations of the Office could be given clear operational meaning.

Second, the Budget Overview focused on the enhancement of consumer benefit as a critical standard by which the effectiveness of programs in both law enforcement missions could be assessed.

This work was continued in the fiscal 1975 Mid-Year Review Report. The Office used economic analysis in an attempt to predict the likely consumer benefits of each fiscal 1975 program of the Bureaus of Consumer Protection and Competition. This was extremely valuable to the Commission in reallocating resources among programs.

One new program (Occupational Licensure - J09) was initiated as a result of a recommendation by OPPE. The Office has continued developmental work on it in consultation with the enforcement unit staff.

Office of the Secretary

On February 19, 1975, the Secretary's Office assumed responsibility for initial grants of access pursuant to the Amendments to the Freedom of Information Act. Intensive training of personnel preceded the above-mentioned effective date and additional personnel are being trained in order to satisfy the public's request for access within the ten-day limitations imposed by the Act. The number of access requests has been averaging five per day.

The Office of the Secretary continues to monitor the progress of digesting Commission rulings in preparation for publication of the Index-Digest early in 1977.

ADMINISTRATION AND MANAGEMENTPersonnel

During fiscal 1975, 75 law clerks and attorneys have been hired from over 2,500 applications. Training has been provided to new attorneys in trial practice techniques and to functional supervisors of secretaries in supervisory techniques. In order to attract high quality support staff, a comprehensive secretarial program has been implemented which includes recruitment, training, appraisal, career ladders and supervision. The staff is also implementing a series of management development seminars for first-line supervisors, and middle and senior managers.

Financial Management

1. Program Budgeting. Fiscal year 1975 is the first full year of operation of the program budget system. This major financial management enhancement process represents a fundamental improvement in the internal management of the Commission's staff and financial resources at the program level.
2. Operational Planning and Control. The Commission held its first semi-annual program review in which planned programmatic resource levels and accomplishments were compared to actual mid-year results. In addition to providing a formal assessment of the actual mid-year progress against program objectives, this process served as a mechanism for realigning the allocation and "mix" of resources to program areas according to changes in priorities.
3. Financial and Accounting Improvements. Significant enhancements are being made in fiscal accounting and budgetary controls, particularly in relating obligations to authorized programs, cases and projects. Administrative procedures for determining fund availability prior to commitment by program managers have been strengthened. These improvements and enhancements stem from a need for greater financial controls at a time of decreased purchasing power from dollars available to the Commission, as well as greater decentralization of financial accountability to attorney managers at the program level.

Management Activities

The information system which was designed and developed in fiscal 1974 has been implemented in fiscal 1975. This includes the following:

- 1. The Case/Project Tracking System which provides information on the progress of Commission activities against operational schedules.
2. The Weekly Activity Report which reports virtually all attorney and other professional time to cases, investigations, projects, or rules and by activity.

The initial computer support for the Line-of-Business program has been designed and is in the process of being developed. Similarly, automation for the Quarterly Financial Reporting System is being improved. To improve the security of LOB and QFR data, an information privacy and data security program has been initiated. Studies are also under way to define the Commission's Legal Search Requirements and to improve the Commission's text processing system.

Library Services

During fiscal 1975, major steps were taken to improve the internal systems of the library to promote the efficient utilization of its facilities by the FTC staff. The library staff continued its development of specialized satellite libraries for use by the attorney staff. The library staff also began examining the feasibility of using computer systems in such operations as circulation control, serials control and routing, and cataloging services. The library staff continued the systematic compilation of materials relating to legislation of interest to the FTC staff.

Administrative Services

During fiscal 1975, major steps were taken to improve the quality of administrative data necessary to support the Financial Management System. For example, telephone and space surveys were conducted and a property inventory system was developed so that these changes can be related to organizational units within the FTC. New procedures for requesting and purchasing materials are being implemented to provide improved procurement information for the Division of Administrative Services and the Division of Budget and Finance.

SUMMARY OF REQUIREMENTS
(dollar amounts in thousands)

Appropriation: Salaries and expenses

<u>Summary of Adjustments to Base and Built-In Changes</u>	Perm. Pos.	Perm. Pos.	Perm. Pos.	Perm. Pos.
Appropriation, to date 1975.....			1,569	\$37,898
Adjustments to base and built-in changes:				
Adjustment for FY 1975 pay increase and related costs.....	...	+1,542		
Other increases.....	...	+1,789		
Subtotal, adjustments to base and built-in changes.....			...	3,331
1975 adjusted requirements (base for 1976).....			1,569	\$41,229

Comparison by Mission:

1975 <u>Appropriation</u>	Adjustments		1975 Adjusted		1976 Estimate		Inc. (+) Dec. (-) over 1975 adj.	
	to Base		Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount
	Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount
Maintaining Competition....	502	\$12,486	...	+\$1,066	502	\$13,552	567	\$16,636
Consumer Protection.....	697	16,589	...	+1,556	697	18,145	697	18,731
Economic Activities.....	138	3,238	...	+276	138	3,514	138	3,865
Executive Direction & Policy Planning.....	92	2,339	...	+177	92	2,516	92	2,741
Administration & Management.....	140	3,246	...	+256	140	3,502	140	3,676
Increase.....							+65	+4,420
Total Requirements.....	1,569	\$37,898	1/	... +\$3,331	1,569	\$41,229	1,634	\$45,649

1/ In addition, a \$1,100,000 supplemental is pending to cover the costs of the October 1974 pay raise.

Justification of Adjustments to Base and Built-In Changes
(Dollar amounts in thousands)

	Perm. Pos.	Amount
Adjustments for Fiscal Year 1975 Pay Increase and Related Costs		
Total cost in fiscal 1975 of pay increase/anticipated pay increase supplemental.....	--	\$1,100
Additional amount in fiscal 1976 to provide full-year cost of pay raise.....	--	+442
Subtotal, adjustment for fiscal 1976 pay raise.....	<u>--</u>	<u>\$1,542</u>
The anticipated supplemental in 1975 of \$1,100,000 includes \$1,079,000 for the general schedule increase effective October 13, 1974, and \$21,000 for wage board increases granted or to be granted during 1975.		
Other Increases		
Cost of within-grade step increases.....	--	345
Full year cost in fiscal 1976 for positions financed for part year in fiscal 1975....	--	147
Extra compensable day.....	--	124
Increased Federal costs of employee health benefits.....	--	156
Increased GSA rental charge for space currently occupied by the FTC.....	--	414
Increased cost of Federal Telecommunications Services.....	--	465
Increased rent costs of ADP equipment presently in use (inflationary increase).....	--	25
Increased costs of printing due to rapid inflation in paper and labor costs.....	--	113
Total.....	<u>--</u>	<u>\$1,789</u>

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The cost of within-grade step increases were calculated on a person-by-person basis. For fiscal 1976, the within-grade step increases due were determined and the additional cost for the remainder of the fiscal 1976 was computed. A reduction was made for the estimated turnover lapse. To this was added 8.9% to cover the costs of benefits associated with these increases, and 5.5% was added to cover the higher pay level.

The new positions requested and allowed for 1975 were lapsed 20%. The increase of \$147,000 will provide full funding for these positions.

The cost of the one extra compensable day in 1976 compared to 1975 was calculated by dividing the fiscal year 1975 estimate for personnel compensation and benefits by 261 compensable days.

Justification of Adjustments to
Base and Built-In Changes (Cont'd)

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The costs of the January 1, 1974 and January 1, 1975 increased Federal costs in employee health benefits were calculated on a biweekly pay period basis. The \$156,000 increase represents the additional cost in fiscal 1976 resulting from these two increases.

The General Services Administration has informed the Federal Trade Commission that the cost for currently occupied space will be increased in 1976 by \$414,000.

The General Services Administration has informed the Federal Trade Commission that the cost of the Federal Telecommunication System has been increased \$365,000, and additional increases of \$100,000 are necessary to maintain the present level of other telephone services.

The \$25,000 increase in ADP rents is solely to cover the inflationary increases in fiscal 1976 on the equipment we presently have. No new acquisitions are currently planned.

The Government Printing Office has informed the Commission that printing costs will increase 20-25% (paper and labor costs). This represents \$113,000 for fiscal 1976.

FY 1976 Transition Quarter
Summary of Requirements
 (dollar amounts in thousands)

	Perm. Pos.	Amount
<u>Summary comparison of estimates for 1976 and transition period:</u>		
Total, 1976 request.....	1,634	\$45,649
Less: 1976 increases requested.....	<u>-65</u>	<u>-\$4,420</u>
Total, adjusted ongoing base program.....	1,569	\$41,229
 Transition quarter estimate:		
One-quarter of adjusted ongoing base program.....	1,569	\$10,307
Transition amount required for 1976 increases requested.....	<u>65</u>	<u>1,693</u>
Total, estimate transition quarter requirements.....	1,634	\$12,000

<u>Comparison by Mission:</u>	<u>One-Fourth Adj. Ongoing Base Program</u>	<u>Special Seasonal Requirements</u>	<u>Subtotal, Ongoing Program Requirements</u>	<u>FY 1976 Program Inc. (+) Dec (-)</u>	<u>Total Transition Requirements</u>
Maintaining Competition....	\$3,388	...	\$3,388	+\$1,020	\$4,408
Consumer Protection.....	4,536	...	4,536	+366	4,902
Economic Activities.....	878	...	878	+130	1,008
Executive Direction and Policy Planning.....	629	...	629	+89	718
Administration and Management.....	876	...	876	+88	964
 Total.....	\$10,307	...	\$10,307	+1,693	\$12,000

Mr. SMITH. The appropriation request for the Federal Trade Commission for 1976 is \$45,649,000, an increase of \$7,751,000 over the amount appropriated to date for the current fiscal year. The request for the transition period is \$12 million.

BIOGRAPHICAL SKETCH OF CHAIRMAN ENGMAN

Since the Federal Trade Commission is now under a different subcommittee than it was last year, we will include in the record of this subcommittee's proceedings at this point the biographical sketch of the Chairman of the Commission.

[Mr. Engman's biographical sketch follows:]

LEWIS A. ENGMAN

Lewis A. Engman was sworn in as Chairman of the Federal Trade Commission on February 20, 1973, making him, at 37, the youngest person ever to head the Agency.

Mr. Engman came to Washington in June 1970 as legislative counsel for the President's Special Assistant for Consumer Affairs, and he was named General Counsel for that office in October 1970. In June 1971, he was appointed Assistant Director of the White House Domestic Council, with responsibility for a wide range of issues including tax policy, school finance, and antitrust and trade regulation. On March 12, 1974, while Chairman of the FTC, he was appointed by the President to the Council of the Administrative Conference of the United States, an independent agency devoted to improving Federal regulatory procedures.

Since coming to the Federal Trade Commission, Mr. Engman has directed particular attention to the agency's responsibilities in the area of antitrust law enforcement, and during his tenure, the Commission has conducted major investigations of possible antitrust violations in the energy and food industries. Another significant accomplishment has been the implementation of the Commission's line of business program, which is expected greatly to facilitate the Commission's mandate to insure the existence of fair and competitive markets.

Mr. Engman was born on January 6, 1936, in Grand Rapids, Mich. He attended the University of Michigan where he was elected to Phi Beta Kappa and where, in 1957, he was graduated with high distinction and high honors in economics. During 1957-58, he studied at University College and the London School of Economics in London, England, and in 1961, he received his LL.B. degree from Harvard Law School.

In 1961, Mr. Engman became associated with the Grand Rapids law firm of Warner, Norcross & Judd. In 1965, he became a partner. He remained with the firm, working in the areas of general corporate law and international business transactions, until moving to Washington in 1970.

Mr. Engman is a life member of the Sixth Circuit Judicial Conference of the United States and a member of the Supreme Court Bar, the American Society of International Law, the American Bar Association, and the bar associations of Grand Rapids, the District of Columbia, and Michigan.

In July of 1974, Mr. Engman was named by Time magazine as one of the nation's 200 "Faces for the Future."

He is married to the former Jacqueline Ransford Graham, and they have three sons.

SUMMARY STATEMENT

Mr. SMITH. Mr. Engman, do you have a statement?

Mr. ENGMAN. Thank you, Mr. Chairman. First of all, I would like to say that the Commission welcomes this opportunity to work with this new subcommittee with respect to the matter of appropriations. I

do have a prepared statement which has been delivered to the members of the committee, and if there is no objection, I will just ask that that statement be included as a part of this record.

Mr. SMITH. Without objection, it will be done.

[The prepared statement of Mr. Engman follows:]

Mr. Chairman and members of the subcommittee, we are pleased to appear before you this morning to present the Federal Trade Commission's appropriation request for fiscal year 1976.

While this subcommittee has not previously reviewed the Commission's budget, we do recognize a few old friends among the new, and we welcome the opportunity to begin to establish an ongoing relationship with this subcommittee at a time when the Commission itself is setting out in new directions.

The Commission's activities have traditionally been described in terms of five missions: maintaining competition, consumer protection, economic activities, executive direction and policy planning, and, administration and management. While each of these missions has its own overall goals, they are too broad to be useful in planning, executing, and evaluating its specific activities.

Therefore, this year, the Commission has structured its appropriation request by programs in order to facilitate congressional, as well as Commission, review and evaluation. Under the new planning and budgeting concept, a program is defined as a broad legal enforcement area; for example, mergers and joint ventures. In instances where the Commission's involvement with a single industry becomes particularly large, that activity may be segregated as a distinct program area. For example, the Commission currently defines its industrywide investigation in the energy industry as a separate program.

Each program, in turn, may be composed of one or more of several possible components. These include: investigations that may lead to issuance of a Commission complaint or rulemaking, administrative adjudication, rulemaking activities, and special projects or studies. It is these efforts which comprise the day-to-day activities of the Commission's staff.

The Commission's program budget provides it with a framework that it can use to make resource allocation decisions and to measure substantive progress against expenditures.

Using the program approach, the Commission can focus its cases, projects, and rulemaking activity, as never before, on those areas where the return in public benefit will be the greatest. Periodically these allocation decisions are reviewed and program emphases are shifted to reflect new facts and changing circumstances.

With the program budget approach the Commission currently translates the congressional mandates embodied in the 17 statutes under which we operate through the five missions into 62 discrete programs. In addition to assisting the Commission, it also enables us to provide the Congress with a better understanding of what the Commission is doing with its resources and why.

Although the program budget approach has been in existence less than 1 year, and we cannot guarantee that all the kinks are out, we believe that it will make Commission activities more coherent and more responsive to the will of the Congress. It will show the Congress and the public what we hope to accomplish with our appropriation in each year rather than merely how much we propose to spend for travel, typewriters, and telephone calls. It will indicate to the staff the Commission's priorities at the beginning of each year. And, it will permit the Commission to hold the staff accountable for its substantive accomplishments and the expenditure of our most valuable resource—our professional staff time.

Each of the Commission's five missions is treated in a separate section of the program budget justification we have provided you. The appendices to this budget describe the program budgeting concept in further detail, summarize the Commission's fiscal 1974 and 1975 accomplishments, and provide the traditional object class breakdown of the Commission's requested increase.

FISCAL 1976 PROGRAM INITIATIVES

Turning now to the Commission's program emphases for fiscal 1976, let me underscore that the Commission's mission continues to be that of preserving the health of the free enterprise system and protecting consumers by insuring that competition is both free and fair. The importance of that responsibility increases

significantly during times of rising prices and economic uncertainty, and particular vigilance must be exercised to assure that rising prices are not used as a cover for illegal conduct.

With that as preface, we would like to outline the Commission's major work priorities for fiscal 1976. They are:

To strengthen antitrust enforcement through devoting a greater proportion of the Commission's total resources to this mission.

To increase the number of industrywide—as opposed to case-by-case—investigations in order to maximize the return from the investment of the Commission's available resources.

To develop industrywide trade regulation rules, in connection with our new responsibilities and powers under the recently enacted Magnuson-Moss Warranty-Federal Trade Commission Improvement Act.

To continue collection and evaluation of improved business data to assist analysis of our economy.

Now, we would like to highlight specific programs in our various missions.

MAINTENANCE OF COMPETITION MISSION

In fiscal 1975, the Commission continued its heavy emphasis on antitrust litigation. Pretrial activity in the petroleum industry litigation (*Exxon, et al.*) consumed a substantial portion of the competition resources. In addition, the Commission issued major new complaints alleging a violation of the Capper-Volstead exemption for agricultural cooperatives, alleging attempted monopolization in the bread industry, and alleging an anticompetitive joint venture in the outboard motor industry. During the year, the Commission also has accepted settlements involving alleged dealer coercion in the petroleum industry, alleged violation of merger provisions of the antitrust laws by several manufacturing firms, and a consent order has been placed on the public record for comment in a case involving alleged monopolization in the office copier field.

Emphasis on anticompetitive abuses which may be contributing to higher consumer prices will continue through fiscal 1976. Also, the Commission has begun to study the anticompetitive impact of State and Federal economic regulation.

For fiscal 1976, the Commission will maintain substantial energy-related efforts through its petroleum industry litigation and energy study. The petroleum litigation may be the largest, most complex litigation ever undertaken by the Commission. It charges monopolization and conspiracy to monopolize against eight of the primary refiners of petroleum products. The energy study program, mandated by the Congress, will provide a series of reports on conditions across the energy industries including leasing, fuel adjustment, natural gas reserves, multi-fuel joint ventures, and interlocking directorates. Initial enforcement activities have already begun with the negotiation and acceptance of several consent orders involving interlocking directorates among energy-related firms.

In the food industry, the Commission's work involves broad investigative efforts in all segments of that industry with the objective of utilizing antitrust remedies in the most effective manner to insure maximization of competition in this highly inflation-sensitive and price-volatile area of the economy. This effort is composed of five separate programs designed to mirror the major segments of the overall food industry—producer, manufacturer-processor, wholesaler-distributor, retailer, and the interrelation of domestic and international activities in food commodities, an area not previously explored by the FTC.

In the health care area, the Commission will continue to apply broad antitrust remedies to competitive problems which contribute to increasing the cost of medical care. A number of investigations in the areas of drugs, medical laboratories, and hospital supplies are already underway.

Taken together, the Commission will devote about one-third of its antitrust resources to selected broad industry investigations of monopoly, merger or practice, and conduct violations in areas as diverse as title insurance, the plywood industry, Government procurement, collusion, and franchising.

Finally, the Commission will begin to explore the restrictive and inflationary impact of Government economic regulation, at both the State and Federal level. To this end, the Commission has already begun work on the anticompetitive effect of occupational licensing laws and price advertising bans.

For fiscal 1976, the Commission's ability to continue prosecution of its existing antitrust workload, while undertaking new initiatives will depend on the avail-

ability of sufficient resources. The increases requested are necessary if we are to continue the enforcement actions underway and undertake new initiatives at the same time. For this mission, we request increases of 65 positions and \$3,084,-000 for a total request of \$16,636,000 and 567 permanent positions.

CONSUMER PROTECTION MISSION

During fiscal 1975, the Commission's consumer protection mission was focused on the need for improved consumer remedies. One result has been development of innovative consent orders in cases involving land sales, mobile homes, vocational schools, and department store credit abuses. In a number of these cases restitution to consumers has exceeded \$1 million, and in one interstate land sales case it involved an estimated \$17 million. The Commission also has issued proposed rules involving advertising of food nutrition, vocational schools, mobile homes, flammable plastics, creditors' remedies, and automobile mileage claims. In all, the Commission has 24 rulemaking efforts at various stages ranging from initial staff proposal to publications for public comment.

Still, the most important single event affecting the Commission in fiscal 1976 took place in the Congress with the passage of the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act. As a result of this act, the nature and type of enforcement activities the Commission will be carrying on in fiscal 1976 have been significantly altered. Over time we believe that these amendments will change the entire thrust of consumer protection law enforcement at the Commission as the Commission makes use of its power to protect consumers.

The act specifically mandated that the Commission promulgate a number of consumer product warranty trade regulation rules covering the obligations of manufacturers concerning the warranty accompanying sales of their products. We have responded to this mandate by substantially increasing the resources attributable to our warranty program.

In addition, the Magnuson-Moss rulemaking, civil penalties, and consumer redress provisions have provided the Commission with important tools to help prevent fraudulent and deceptive business practices.

The rulemaking provision confirms the Commission's authority to issue trade regulation rules defining unfair or deceptive acts or practices and providing for measures to eliminate such acts or practices. By issuing trade regulation rules, the Commission can act effectively and efficiently on an industrywide basis rather than exclusively pursuing case-by-case remedies.

The civil penalties provision authorizes the Commission to seek civil penalties from any respondent who knowingly either violates a trade regulation rule or engages in an unfair or deceptive act or practice after the Commission has issued a final cease and desist order against such act or practice—whether or not the respondent was individually subject to the order.

Finally, the act authorizes the Commission to sue for consumer redress in Federal or State court on behalf of victimized consumers where there has been a violation of a trade regulation rule or where the respondent has engaged in conduct which a reasonable man would have known was dishonest or fraudulent. Such redress may include damages, rescission or reformation of contracts, refunds of money or return of property.

In conclusion, the Magnuson-Moss act has given the Commission significant new consumer protection powers which will benefit the public. It is important for the Commission to act decisively to implement these powers, and it intends to do so through staff efforts in both the Bureau of Consumer Protection and the regional offices.

Consequently, the Commission has requested specific program increases to support the staff efforts. For this mission, we ask increases of \$586,000 for a total of \$18,731,000 and 697 permanent positions for fiscal 1976.

ECONOMIC ACTIVITIES MISSION

In fiscal 1976, the economic activities mission will include continued analysis of the state of competition in the American economy and investigations into competitive conditions and business conduct in selected areas.

In the financial and statistical reporting component of the economic activities mission, we will continue the implementation and improvement of our most important single economic activity: the line of business program. The first aggregate data on 1973 sales, direct manufacturing costs, advertising expenses, research and

development expenses, and plant assets of the largest U.S. manufacturing concerns are currently being analyzed.

This program, which, in terms of long range impact, may be the most important of the Commission's programs, is being challenged in the courts. Nonetheless, 65 percent of the Nation's companies have cooperated with the Commission in providing information on the 1973 reporting year, and the Commission is proceeding with its efforts to refine the program. The Commission has requested public comment on its proposed revisions for 1974 data on its line of business questionnaire and will be holding hearings on the proposed form on May 20.

During fiscal 1976, the Commission expects to prepare its first full report on line of business performance and profitability. This will represent a milestone in the analysis of the American economy. It will substantially increase the quality of information available concerning corporate economic performance on an industrywide basis.

In parallel with the Commission's implementation of its line of business program, the Commission will be continuing its quarterly financial report, including the collection, analysis and publication of aggregate economic statistics on the manufacturing, wholesale and retail trade, and mining sectors of the economy. Rounding out these efforts will be an undated corporate patterns survey analyzing the sales by product class for the Nation's 1,000 largest manufacturers furnishing information on those corporations' market shares and diversification for the first year since 1950. Last, the Commission's economic staff will be conducting studies of the world steel, food retailing, prescription drug and electrical equipment industries and the relationship between market structure and price changes.

An overall program increase of \$351,000 is requested to support the Commission's economic activities. The total request for this mission is \$3,865,000 with 138 permanent positions for fiscal 1976.

EXECUTIVE DIRECTION, POLICY PLANNING, AND ADMINISTRATION

In addition to the enforcement and economic activities missions described above, the Commission has two overall support missions: executive direction and policy planning, and administration and management. These two missions, respectively, provide policy and planning direction as well as administrative support to the Commission's law enforcement and economic activity missions.

In addition to the Commission's new program budget, its computerized supporting management information system should become fully operational in fiscal 1976. This will enhance the Commission's ability to track the status of its cases and programs, improve operational planning and control, and support decentralized financial management. Fiscal 1976 will mark the first time the Commission has had the benefit of an integrated executive direction, policy planning, and management support tool.

In the policy planning area, the Commission's Office of Policy Planning and Evaluation now prepares an overview for the Commission at the beginning of its budget preparation process, and an independent evaluation of its programs at a mid-year budget review. To illustrate the application of this process, as a result of its mid-year review, the Commission increased resources for fiscal 1976 in 14 programs, decreased its planned expenditures in 17 programs, and left 31 programs unchanged from the initial resource allocation planned for fiscal 1976 in September of 1974. The program budget justification submitted to this subcommittee is the result of these deliberations.

In addition, the Office of Policy Planning and Evaluation is currently working with the operating units on the development of policy protocols to include improved criteria for the staff to use in its case identification and selection process. Last, the Commission will be increasing its use of cost/benefit analysis, to assist in making resource allocations among its various programs and assessing their effectiveness.

Simultaneous with these managerial changes, the Commission has implemented a number of significant procedural changes that should help to streamline its work and alleviate delay. One of these is the elimination of a procedure that provided a 30-day negotiation period prior to a final Commission decision to issue a complaint. Another change is the abolition of the so-called "All-State doctrine" that required the staff, in most instances, to complete virtually all its investigatory work before the Commission would consider a complaint. The other major change is a proposal to revise the Commission's discovery rules. This

revision, if finally adopted after public comment, should accelerate the trial preparation process—especially in large or complex litigation.

In addition, the Commission expects increased activity in response to the recent Freedom of Information Act amendments. Access requests granted by the Commission have not only become much more complex in scope, but have tripled in number during the past year.

For these two support missions, program increases of \$399,000 are needed. Therefore, the total request for executive direction and policy planning is \$2,741,000 and 92 positions; and, the administration and management mission is \$3,676,000 and 140 positions.

CONCLUSION

The Commission believes that increased antitrust activity and the protection of consumers from unfair and deceptive business practices can provide benefits to the public that far outweigh the relatively small additional resources required to achieve them. Moreover, the Commission now has the tools with which to carry out an even more vigorous enforcement program. It has greatly enhanced legal authority under the Magnuson-Moss Warranty—FTC Improvement Act, and it has substantially strengthened management processes and procedures for planning, executing, and controlling its programs.

Therefore, to carry out its newly revised congressional mandate, the Commission requests a total increase of 65 positions and \$7,751,000 for fiscal 1976. This amounts to a total appropriation of 1634 permanent positions and \$45,649,000.

And, for the transitional fiscal period from July 1, 1976, to September 30, 1976, the Commission requests a total appropriation of 1634 permanent positions and \$12 million to cover salaries and expenses.

Mr. Chairman, we are grateful for this opportunity to present these requests and welcome your questions and comments.

PROGRAM BUDGET

Mr. ENGMAN. I would, however, like to highlight two or three very broad comments as sort of an overview and then attempt to respond to your questions.

This year we have for the first time submitted what we call a program budget to the committee. It basically is a budget which is not geared to bodies and a particular bureaucratic division of the Commission, but is geared toward specific law enforcement economic analyses, or support areas. We hope that it will provide not only greater accountability within the Commission, but greater accountability of the Commission to the Congress in a process such as this. At the same time we have instituted a number of other internal improvements, the nature of which don't make the headlines normally but hopefully have the same kind of result.

First of all, the Commission is really integrating for the first time the whole policy planning concept into this budget formulation process, developing and improving an information system within the Commission to improve accountability internally in an attempt to reduce delay and other problems, and, as just announced recently, streamlining of our procedural rules. Hopefully, all of this, as well as this kind of approach to the budget, will help us to do more with the resources we already have than we have been able to do in the past.

I want to indicate to this committee that in the current economic situation, I believe there are many kinds of Government spending which ought to be curtailed. We at the Commission are basically holding the line with respect to our requests this year for fiscal year 1976, with one exception. That relates to our competition mission.

COMPETITION MISSION EMPHASIS

We believe that the FTC's fundamental mission is to help make the free market system work better, to attack those restraints which appear from time to time in that system which cause it to work less well than it otherwise would, and have the impact of increasing prices to the ultimate consumer.

We suggest respectfully to the committee that particularly in times of economic uncertainty such as we have today, increased antitrust enforcement activity can provide benefits to the economy which far outweigh the added costs of that activity. It is really on this basis, and in this area primarily, that we are asking for an increase of something slightly over \$7.7 million which would put our total budget at \$45.6 million. We are also asking for an increase of 65 staff positions, all of which would be utilized for strengthening our antitrust enforcement activities.

That is as much of an opening statement as I care to make at this point, Mr. Chairman. I would be happy to attempt to respond to your questions. I would like to formally introduce to you and to the members of the subcommittee the Executive Director of the Federal Trade Commission, Mr. R. T. McNamar, who is sitting on my right. We also have available, if the occasion arises, other bureau directors if there are specific questions which the committee is interested in delving into.

Thank you.

FTC AND JUSTICE DEPARTMENT AUTHORITY

Mr. SMITH. In view of your opening remarks, perhaps this is a good place to have you explain to what extent your authority overlaps that of the Antitrust Division of the Justice Department. What working arrangements have you made so that you each can do what you should do in this area?

Mr. ENGMAN. Thank you, Mr. Chairman. We have, first of all, some areas of different authority. We do not have criminal jurisdiction. The Department does.

On the other hand, as an example, they do not have responsibility under section 5 of the Federal Trade Commission Act, and we do. By and large, however, it is safe to generalize that we have large areas of what lawyers would call concurrent jurisdiction. We resolve the potential duplication that would arise on a formal basis. We have a liaison agreement with the Department and a liaison committee at the staff level, and we do not spend significant manpower resources in any investigation without clearing it with the Department, and vice versa. We have been able to work out, I think, a relatively amicable relationship in which we do not have duplication.

Over and above that, as it turns out, at least at the present time, Tom Kauper and I have the great good fortune to be from the State of Michigan. We were classmates in college and know each other well, so we have a particularly close practical liaison at the present time.

Mr. SMITH. Do you have any rule of thumb as to the types of anti-competitive activity that you will leave for the Justice Department to handle?

Mr. ENGMAN. It is hard to generalize. I might say in general terms, however, if we would carve out one special area, if there were evidence of hard-core criminal activity we naturally would be inclined to defer to the Department on that kind of investigation or that kind of case. Beyond that, if there is any guiding principle, it is probably on the basis of those areas in which our respective staffs have the greatest expertise. We tend to be more heavily involved in some areas of the economy and they in other areas.

Mr. SMITH. Would you define what areas you are talking about?

Mr. ENGMAN. Specifically?

Mr. SMITH. Yes.

Mr. ENGMAN. The energy area at the current time is an example. We are primarily involved with domestic problems, pending litigation at the Commission and pending investigations, under an energy study commissioned by the Congress. Their focus in the energy area is generally limited to foreign operations. We have a substantial amount of activity ongoing with respect to such areas as food, although even within those areas it is hard to generalize; for example, Justice has an ongoing grand jury investigation with respect to the sugar situation.

Mr. SMITH. One more question on the jurisdictional matter.

Under this arrangement, while you don't want to duplicate, does the arrangement result sometimes in neither agency taking jurisdiction of an important area?

Mr. ENGMAN. Not to my knowledge. Not consciously, at least. Presumably if there is a significant problem which is brought to our attention, one or the other will make some judgments about it. There may be a couple of instances in which matters—I can think of one instance before my time at the Commission—in which a matter was sent to the Commission by the Department because the Attorney General disqualified himself. I am not aware specifically of matters falling through the cracks.

FOOD PRICING STUDIES

Mr. ANDREWS. Thank you, Mr. Chairman.

As you remember, Mr. Engman, Mr. Smith and I were on the other subcommittee last year, and we had considerable discussion on a subject that you just touched on briefly. What is the status of FTC's food-pricing investigation and what is happening between the price the farmer gets, the price the consumer pays, and the unconscionable gap between these prices.

We were pretty direct in urging you to get with it. You just mentioned that you have been working in this—one of the key fields—and I am glad that you mentioned that was the second field. I am sure Mr. Smith shares my view. Could you broaden that and let us know when the public can expect some results? What are you finding out, if anything? It has already been two years since we initially brought this up with the FTC.

Have you gotten any of these areas concluded?

Mr. ENGMAN. First of all, Congressman, we have 3 separate programs going on with respect to this overall retailing matter. Then I can comment more specifically beyond that.

With the Bureau of Competition, our attorneys are involved in an effort with respect to an assessment of retail margins. We have discussed this privately during the past few months this investigation in 6 selected cities is attempting to resolve and understand some of the relationships between the degree of concentration of retail establishments and what has happened to prices.

That investigation has been severely hampered, and has been delayed by reason of the noncooperation of several of the large chains which are involved in and subjects of the investigation. It has been necessary for us to attempt to enforce our compulsory process in the courts with respect to these matters.

That investigation is more law enforcement oriented, if that is what is indicated. I don't want to prejudge information we have not gotten and which would not be available until probably sometime this fall. We are still fighting to get the information.

The Bureau of Economics has been undertaking 2 efforts on the broader basis. First of all, there is an analysis ongoing of marketing margins in 4 specific food areas—bread, milk, meat, and brewing.

Mr. ANDREWS. That is the field we concentrated on in our hearings last year.

Mr. ENGMAN. That is right.

One of those studies, I am advised by the Director of the Bureau of Economics, should be sent to the Commission within the next month.

BUREAU OF ECONOMICS FOOD STUDIES

Mr. ANDREWS. When will you be able to provide copies of that study to members of this committee?

Mr. ENGMAN. Our normal practice has been to almost immediately make those kinds of studies available to the Congress and to the public.

Second, with respect to the last quarterly financial report, the so-called QFR reports, we have added a retail food sector never before encompassed within that reporting system. With respect to the next report, which would be out sometime this summer, we propose to have a quarterly profit series dealing with the approximately 100 largest food chains, and which will then become a continuing part of the quarterly financial report. The Bureau of Economics is anticipating doing some specific studies as to analysis of what happened during the last several months with respect to that as well.

Mr. ANDREWS. You mean we can expect these areas to be covered and the results to be forthcoming?

Mr. ENGMAN. In the economic area, results should be available by the end of the summer with respect to QFR report data, and sometime within the next month with respect to retail market margins.

FOOD PRICING SYSTEMS

Mr. ANDREWS. Thank you, Mr. Chairman.

Mr. SMITH. With regard to this food pricing study, this includes, as I understand it, what effects the pricing systems of the chain stores may have upon the prices producers receive?

Mr. ENGMAN. That is correct.

Mr. SMITH. How many men do you have allocated to this study? How many man-years?

Mr. ENGMAN. That would be contained in the material which we gave you on page 18, the food retailing program. We have a total effort projected for 1976 of 18½ man-years, up from 9½ man-years in 1975. That is just on the retailing aspect of the food program.

Mr. SMITH. Are there other questions on these subjects?

LEGISLATIVE LANGUAGE CHANGES

If not, Mr. Engman, in last year's bill there were several instances in which there was some legislative language, one with regard to the line of business data. Another provision earmarked funds for a computerized indexing and retrieval capability. Another one, earmarked funds for study of the energy industry. You have proposed to delete that language. Would you tell us why you think it should be deleted?

Mr. ENGMAN. The earmarking language with respect to the specific programs that you mentioned arose as a result of the document indexing and retrieval system for the Exxon case, which has a separate request made to the Congress. That matter is now on stream and operating within that litigation. There seems to be no reason at this time to separate that out. Segments of the energy study will begin to be made public and forwarded to the Congress starting this summer.

Unless the committee feels that there is some reason to earmark funds, we see no reason to do it.

RETAIN LINE OF BUSINESS LANGUAGE

With respect to line of business, the language in the report and in the act relates to the question of confidentiality. The Commission has now made a determination, that, in fact, not only would we have no objection to the committee retaining that confidentiality language, but we would support the retention and urge the committee to retain that language. Some of the legal issues which have arisen with respect to that program have led us to believe that it is preferable to have some specific statutory language respecting confidentiality.

With respect to the exact nature of that language and whether we might suggest modifying a clause or two, we would be happy to work with the staff on that score. In general we would support the retention of that language.

STAFF INVESTIGATIONS OF FTC

Mr. SMITH. In the past year there have been two staff investigations of the activities of the Federal Trade Commission. The first is entitled, "Activities of the Federal Trade Commission." The second is entitled, "Information Systems, Automatic Data Processing, and Related Matters of the Federal Trade Commission." They are quite voluminous. A number of people will want to read them and we only have a few copies, so if there is no objection at this point we will insert the full text of those investigations in the record of the hearing.

[The investigations referred to follow:]

FEBRUARY 7, 1975.

MEMORANDUM FOR THE CHAIRMAN

Re Operations of the Federal Trade Commission.

By directive dated August 7, 1974, the committee requested the surveys and investigations staff to conduct a general review of the operations of the Federal Trade Commission. Among other areas, this review was to include an analysis of the progress made by the Commission in correcting certain problems identified in the previous investigative staff report of April 1972.

The study has been completed, and the results are included in the attached report.

Respectfully submitted,

C. R. ANDERSON,
*Chief of the Surveys and Investigations Staff,
 House Appropriations Committee.*

ACTIVITIES OF THE FEDERAL TRADE COMMISSION

DAVID A. SCHMIDT,
*Director, Surveys and Investigations Staff,
 House Appropriations Committee.*

I. SUMMARY OF OBSERVATIONS, CONCLUSIONS, AND SUGGESTIONS FOR IMPROVEMENTS

The Federal Trade Commission, an independent regulatory agency established in 1914, is assigned the responsibility of administering a wide variety of antitrust and trade regulation laws.

In the fiscal year ending June 30, 1974, the cost of the Commission's operation was a little over \$32.2 million. The requested amount for fiscal year 1975 is approximately \$38.4 million. As of September 30, 1974, 1,641 people were employed by the Commission, of which 619 were attorneys and about 297 were economists and other professionals. Of the attorneys, approximately 423 were employed at the Commission's offices located in Washington, D.C.; the remainder were located in the various regional offices.

Over the past several years, a succession of internal and external groups, such as Ralph Nader, the Office of Management and Budget, the American Bar Association, various congressional committees, and even the Commission's own internal task forces and study groups, have consistently criticized the Commission for lack of planning, inconsistencies in case selection, poor resource allocations, delays in processing investigations, poor coordination, and the lack of adequate delegation.

Historically, Commission officials have accepted these criticisms, together with suggestions for improvement, and have indicated a willingness to do something constructive about them. Unfortunately, until recently, very little was actually done to alleviate the Commission's problems. Commencing in mid-1973, however, there was a turn in events. With the appointment of a new Commission Chairman, changes began to occur in the Commission's management activities which heretofore had been unthinkable. Some of the areas in which Commission officials indicate changes have taken place are internal resource allocation decisionmaking, external budget justifications, operational planning and control, accountability, and administration and cost reduction.

However, the investigative staff believes that these changes and innovations are still in the early stages of development and implementation. Their true value is still in doubt. Many of the processes still have to be implemented and debugged. However, it is gratifying that Commission officials are realistically addressing the problems and charting a course of future action to hopefully correct them. [See pp. 192 through 197.]

Although the current Commission may be superior in management functions to most of its predecessor bodies, it continues to be plagued with serious problems which restrict it from performing its missions, functions, and responsibilities in an efficient, effective, and economical manner.

COMMISSION LEADERSHIP

The first of these problems is one of leadership. The investigative staff believes the Commission's leadership role is being eroded as a result of the following deficiencies.

First, a chronic complaint made to the investigative staff by both headquarters and regional office personnel was that even if the Commission staff, acting within the framework of the Commission's rules, handles the work in a timely manner, there is no uniform discipline among the Commissioners that motivates them to take action in a timely manner or even to take any action at all. [See pp. 197 through 198.]

Second, the investigative staff observed that there is a complete absence of an effective formalized followup procedure in existence at the Commission to assure that timely actions are taken on recommendations made in both internal and external management studies and reports. This is borne out by the fact that the same and/or similar management deficiencies are repeatedly being reported by each group reviewing the Commission's management activities. [See pp. 198 through 199.]

Third, the investigative staff believes the authority and responsibilities of the Office of the Executive Director need to be strengthened, enlarged, defined, and communicated formally to the other Commission organizational units. The Executive Director agreed that many of the weaknesses in the Commission's management process are attributable to the top-level organizational structure and the lack of clearly defined responsibilities and authority for managing the performance of the Commission staff. [See p. 200.]

Fourth, the investigative staff noted that the Commission's leadership has been effected by a very high turnover rate both in the Commissioners' offices and in key managerial positions within the operating bureaus and offices. This turnover, in the investigative staff's opinion, has created a loss of continuity in approaches to Commission programs and has tended to prevent any new management improvements to take root and grow into fruition. [See p. 200.]

Finally, the Commission's operating manual, administrative manual, and the attorney's manual were found to be seriously outdated and of little use to Commission personnel in carrying out the Commission's programs efficiently and effectively. [See p. 201.]

POLICY PLANNING AND EVALUATION

The second problem area deals with the Commission's policy planning and evaluation efforts. The investigative staff believes that the Commission's planning and evaluation efforts are being impeded due to (a) the inability of the Office of Policy Planning and Evaluation (OPPE) to effectively carry out its primary functions and (b) the limited use of cost/benefit analysis in establishing program priorities.

For example, the investigative staff found that OPPE is seriously hampered in carrying out its operational functions because of (a) an unwillingness on the part of the headquarters operating bureaus to allow their programs to be evaluated by OPPE personnel; (b) a lack of timely action taken on reports, studies, and memoranda submitted to the Commission; (c) ineffective management evaluation tools; and (d) personnel staffing problems. Also, cost/benefit analysis has not been used to any great extent by Commission officials in establishing program priorities. Although such analysis is recognized to be a valuable management tool, the general consensus among Commission officials is that it has been difficult, if not impractical, to implement. [See pp. 201 through 207.]

The investigative staff believes that, while the benefits to be gained may not be measurable with exact precision, careful cost-effectiveness analysis, if properly applied, can greatly eliminate those proposals which clearly contribute little in terms of costs involved. Until the Commission takes this matter seriously, no rational tradeoff can be made as to which programs should be actively pursued.

Commission officials generally agree that the Commission needs an effective planning and evaluation program which will identify what program planning really is, which programs should be pursued, and how the resources should best be allocated in order to produce the greatest results. Current attempts are being made by Commission officials to get a handle on this problem; however, it is too early to evaluate such efforts since they are in the embryonic stages of development and implementation.

CASE WORKLOAD

The third problem concerns the Commission's casework load. The measurement of whether the Commission is performing its mission in an effective, efficient, and economical manner does not in and of itself rest on the number of cases pending, plus those opened, and closed over a prescribed period of time. Neither do the budgetary allocations among specific areas of activity completely reflect the importance to which the Commission assigns them. Such quantitative data, subject to the above qualification, does, however, provide a rough but significant indicator of the trends in the Commission's output and its ordering of priorities.

The investigative staff observed that, although the Commission's case workload has generally decreased during the period fiscal year 1972 through fiscal year 1974, giving the impression that better controls are being exercised over investigations pursued by Commission personnel, serious problems still prevail which are hampering the Commission in fulfilling its mission.

For example, the Commission's approach to antitrust and consumer protection activities has been strongly questioned by its chief policy planner. He reportedly recommended that the Commission, in fiscal year 1975-76, drop or curtail a number of its ongoing investigations, place more reliance on market forces as a guarantee of free competition, and pursue only those cases that will produce consumer benefits measurable in dollar-and-cents terms. [See pp. 207 through 212.]

Some of the specific criticisms raised by the Commission's chief policy planner are the spending of (a) \$1.8 million on vocational schools consumer education programs, (b) \$48,000 to police corporate image advertising, and (c) \$350,000 to prepare a trade regulation rule that would require the publication of performance output ratings for refrigerators, air conditioners, dishwashers, and washing machines, et cetera.

In addition, it was recommended that (a) no additional Commission resources be devoted to the vertical integration case against Fruehauf Corp., or to the merger enforcement program directed against separate attempts by Gulf & Western and General Parts Co. to establish chains of auto parts' wholesalers to vertically integrate the wholesalers with part retailers; (b) investigations should be abandoned of mergers between producers and ready-mix concrete producers and consumer protection programs that seek to remedy an imbalance of bargaining power between seller and buyer, such as the creditors' remedies program, the credit billing program, and the unfair adhesion contracts program, and (c) new programs be initiated which aim at reducing anticompetitive state regulation. [See pp. 212 through 214.]

The investigative staff also found there are rules of procedure, such as Part II complaints, rules of evidence, rules of discovery, and motions to quash, adopted over the years by the Commission which exceed the requirements of due process and, subsequently, are causing frustrating and unwarranted delays to the Commission staff. Despite the fact that the rules have received considerable review by the Bureau Directors, the General Counsel, and the Chief Administrative Law Judge, no changes have as yet been made to correct this situation. The investigative staff was informed that the Commission was currently studying this matter. [See pp. 214 through 218.]

PERSONNEL SUPPORT COSTS

The fourth problem area noted is the lack of adequate management and control over some of the Commission's personnel support costs.

A review of a selected number of these categories showed that Commission officials were not exercising prudent financial controls over the expenditure of Commission funds during a period of severe budgetary restraints. As a result, questionable expenditures were made in some categories, such as equipment and postage; while other categories, such as travel, stenographic reporting, and staff training, suffered from the lack of sufficient funds.

For example, the investigative staff noted that no physical inventories, estimated to range in value anywhere from \$3 million to \$6 million, have been taken of Government-owned property for the past 3 years. A limited test by the investigative staff of the office machine inventory revealed the presence of numerous equipment losses and unknown quantities of excess equipment. In addition, \$76,000 in equipment rental costs was lost in the disposal of an in-house computer system. [See pp. 218 through 220.]

Moreover, Commission officials failed to realize an estimated \$111,500 postal savings simply by refusing to change its mailing procedures to require the Commission's news releases to be mailed at third-class postal rates rather than at first-class rates. [See p. 221.]

In addition, the investigative staff found that the Commission was following certain travel practices which, in view of the current budgetary restraints, appear to be highly questionable. For example, during September 1973 through October 1974, over \$10,000 was expended by members of the Office of General Counsel for travel to the various regional offices to represent the regional office staff in its Federal court appearances for civil trials, subpoena enforcement, and/or hearings to obtain an injunction. During its visits to the six regional offices, the investigative staff found that, with one exception, the regional offices were sufficiently staffed to handle such matters themselves. [See pp. 221 through 222.]

Another example is the expenditure of \$12,000 during October 1973 through November 1974 by headquarters officials to travel to the regions to recruit law school seniors. The investigative staff is aware and appreciates the Commission's desire to recruit the best legal talent in the United States; however, it would appear that a more prudent practice would be to delegate this responsibility to the regional directors. [See p. 222.]

In the area of staff training, the investigative staff believes that the training and development efforts put forth by the Commission's personnel division during the past 2 years have been hindered by the withdrawal of funds initially programmed for such purposes. The investigative staff found that, although approximately \$400,000 was budgeted for the training and development of Commission employees in fiscal year 1973 and fiscal year 1974, only \$145,000, a little over 36 percent, was spent for this purpose. Although the difference of \$255,000 could not be reconciled, it presumably was used for other priority programs which exceeded their initial budgeted amounts. [See p. 222.]

Finally, the investigative staff believes that the Commission's investigative operations are being hampered by a lack of sufficient funds to adequately provide stenographic reporting services to the operating bureaus and regional offices. A chronic complaint repeatedly made to the investigative staff by both operating bureaus and regional office personnel was that their fiscal year 1973 budgets for stenographic reporting services are inadequate to carry on their law enforcement functions. [See pp. 222 through 223.]

REGIONAL OFFICES

The fifth problem is the ineffective utilization of the regional offices. Since the time of their reorganization in 1970, the regional offices have been the object of criticisms by the Office of Management and Budget, the House of Representatives Committee on Appropriations, and various organizational elements within the Commission. The message which is conveyed in all of these reports is essentially the same: (a) the regional offices' role is not adequately defined, (b) the lack of adequate authority from the Commission to effectively carry out the Commission's programs in an efficient and economical manner, (c) ineffective use of the regional office personnel, (d) excessive and cumbersome review procedures, (e) undue delays in processing investigative cases, and (f) inadequate internal management structure.

During September 23 through November 6, 1974, the investigative staff visited six regional offices and two field stations and found that, although some progress has been made in the administration and management of the regional offices, the same or similar problems which existed from 1970 through early 1974, continue to exist and are affecting the efficiency and effectiveness of the regional offices' operations. [See pp. 224 through 240.]

SUGGESTIONS FOR IMPROVEMENTS

In view of the seriousness of the deficiencies mentioned above, the investigative staff makes the following suggestions for improvements:

Establish an internal discipline whereby action is taken on Commission matters on a timely basis. [See p. 201.]

Establish an effective followup procedure on all internal and external management recommendations. [See p. 201.]

Clearly define the authority and responsibilities of the Office of the Executive Director for managing the performance of all Commission staff functions. [See p. 201.]

Intensify efforts to develop and train in-house management personnel to preclude lost time in transition and to improve morale by offering top jobs to qualified career employees. [See p. 201.]

Update the Commission's manuals and institute procedures to insure they are maintained on a current basis. [See p. 201.]

Eliminate the barriers which currently restrict the Office of Policy Planning and Evaluation (OPPE) from performing its assigned functions; see that OPPE's reports, studies, and memorandums are acted upon in a timely manner; and provide sufficient resources commensurate with OPPE's assigned functions and responsibilities. [See p. 207.]

Intensify the efforts to effectively utilize cost-benefit analysis in the case selection process. [See p. 207.]

Develop and implement evaluation criteria for case selection. [See p. 218.]

Amend the rules of procedure to eliminate unwarranted periods of delay and unnecessary layers of review. [See p. 218.]

Revise and enforce the Commission's property accountability procedures. In addition, a physical property inventory should be taken immediately to establish the validity and reliability of the property records and reports and identify whether serious losses have, in fact, occurred. [See p. 224.]

Require regional directors to maintain appropriate property records; perform annual inventories; and report the results of such inventories to the responsible headquarters office and/or bureau. [See p. 224.]

Initiate the necessary action to realize the \$111,500 estimated savings in mailing Commission news releases. [See p. 224.]

Discontinue, except in special situations, the current practice of using headquarters personnel to handle regional office matters in Federal courts and to recruit law school seniors as the funds can be better used in the Commission's investigative operations. Use of regional directors or members of their staff for these purposes is the proper alternative unless there are unusual circumstances. [See p. 224.]

Initiate proper controls to assure that funds allotted for training purposes are, in fact, used for these purposes and not diverted to other uses. [See p. 244.]

Define the specific roles of the regional offices and delegate the proper authority to the offices to enable them to carry out their missions. Such definitions and delegations should be in writing. [See p. 240.]

Develop and promulgate criteria for distinguishing between what constitutes a regional case versus a headquarters case. [See p. 241.]

Consider eliminating the Office of the Assistant Executive Director for Regional Operations since nearly all of the office's activity is of an administrative nature and could conceivably be delegated to the Bureaus of Competition and Consumer Protection and to the various regional directors. [See p. 241.]

Visits should be made to the regional offices on a scheduled basis by the chairman, commissioners, and headquarters bureau and office directors in order to establish a better working relationship and to improve the staff morale. [See p. 241.]

Restructure the existing ratio balance between the regional office attorneys and the consumer protection specialists to be more in line with their current working responsibilities. The establishment of such a ratio would be a prudent use of regional office personnel funds. [See p. 241.]

Provide the regional offices with sufficient funds to meet their assigned responsibilities, especially in the areas of travel, stenographic reporting services, and staff training. [See p. 241.]

Define the Commission's role in consumer education, establish a consistent program to carry out this role, and provide the necessary guidance and funds for its implementation. [See p. 241.]

Grant discretionary authority to the regional directors to exchange information with heads of State and local consumer law enforcement agencies, including information pertaining to investigations. [See p. 241.]

Consider assigning, on a trial basis, a team of specialists, such as economists and accountants, to a central geographic office to service three or more regional offices. [See p. 241.]

Take the necessary actions to immediately close the unproductive field stations. [See p. 241.]

II. INTRODUCTION

A. Directive

On August 7, 1974, the committee directed that an investigation be made of the Federal Trade Commission's activities from early 1972 through the current period. The investigation was to include, but not be limited to the following:

(1) A review of the progress made since April 1972 in correcting problems identified in the previous investigative report entitled, "Programs of the Federal Trade Commission."

(2) A review of the House, Senate, and Conference Reports since 1972 (including supplemental reports) and the agency's compliance or noncompliance with these reports.

(3) A review of the adequacy of personnel support costs for space, travel, clerical help, expert witnesses, and related items.

(4) A review of the high vacancy rates in the Bureau of Economics, the reasons therefor, corrective actions underway, and the possibility of using other than academic economists in at least some of the Bureau's activities.

(5) The identification of any new problems which have developed since the last investigation, or which may arise in the foreseeable future.

B. Scope of Investigation

The investigation of the Federal Trade Commission's (hereafter referred to as the Commission) activities was conducted during the period from August 1974 through January 1975.

It consisted of: (1), interviewing the chairman, commissioners, and other responsible personnel of the Commission's bureaus, divisions, and offices; (2), examining the pertinent files, records, reports, regulations, and data maintained by the Commission's headquarters organizations and each regional office visited; (3), following up on the actions taken on recommendations made in other external and internal reports, studies, and investigations of the Commission's activities since 1972; (4) visiting and inspecting the regional and field offices located in Cleveland, Ohio; Seattle, Wash.; Denver, Colo.; Kansas City, Mo.; Dallas, Tex.; New Orleans, La.; Los Angeles, Calif.; and San Francisco, Calif.; and (5) visiting State and local consumer protection agencies in Columbus, Ohio; Seattle, Wash.; Denver, Colo.; and Los Angeles, Calif., to discuss their relationships with the Commission's State and local consumer protection program.

The investigation did not include any evaluation of the cost effectiveness of the Commission's management information systems, the extent and effectiveness of the financial statistics program, or the Commission's line-of-business activities. These areas were the subject of a separate investigation, the results of which have been submitted in another report.

III. BACKGROUND INFORMATION

A. Organization

The Commission is an independent regulatory agency which was established in 1914 under the Federal Trade Commission Act. It is headed by a chairman and four commissioners, each of whom is appointed by the President with the advice and consent of the Senate for staggered 7-year terms. No more than three commissioners may be of the same political party. Their terms are staggered to assume continuity of experience in judgment of cases and, according to congressional intent, to keep the Commission nonpartisan.

All staff appointments are made by the chairman with certain exceptions. The executive director, general counsel, secretary, director of policy planning and

evaluation, director of public information, chief administrative law judge, and the directors of the Bureaus of Competition, Economics, and Consumer Protection must be approved by the full Commission.

B. Responsibilities

The Commission's basic responsibilities are set forth in a number of statutes enacted during and since 1914. Essentially, the Commission's responsibilities can be grouped into 2 categories: (1) those that foster free and competitive enterprise by preventing and eliminating monopolistic practices and unfair methods of competition; and (2), those that detect and prescribe acts and practices that are unfair or deceptive to the consuming public.

In fostering competition, the Commission seeks to prevent such acts as price-fixing agreements, combinations in restraint of trade, and corporate mergers that may lessen free competition in interstate commerce. In safeguarding the consuming public, it acts to prevent dissemination of false or deceptive advertisements of foods, drugs, cosmetics, and therapeutic devices; enforces truthful packaging and labeling of textile, wool, fur products, and other consumer commodities; and seeks true credit cost disclosure by consumer creditors. The Commission also supervises registration of American exporters engaged solely in export trade and monitors illegal or improper use of trademarks.

Since 1972, three new acts have been enacted by the Congress increasing the Commission's responsibilities. These are the Alaska Pipeline Act, the Emergency Petroleum Allocation Act, and the Hobby Protection Act.

The Alaska Pipeline Act gives the Commission the authority to:

(1) Seek in the Federal district courts the authority to grant, under certain conditions, temporary restraining orders, preliminary injunctions, and permanent injunctions against any existing or impending violation of any provision of law enforced by the Commission.

(2) Represent itself, in the Federal courts, in any civil proceeding involving the act, including the enforcement of its subpoenas, after 10 days' notice is given to the Attorney General and he does not take action contemplated by the Commission.

(3) Increase the penalty to \$10,000 for each violation of Commission cease and desist orders.

The Emergency Petroleum Allocation Act gives the Commission responsibilities to:

(1) Report to the President whether the regulations governing mandatory allocations of crude oil, residual fuel oil, and each refined petroleum product would tend to create or maintain anticompetitive practices or situations inconsistent with the antitrust laws.

(2) Propose alternatives to avoid or overcome such effects while achieving the purposes of the act.

(3) Monitor the implementation of the regulations 45 days after they become effective and report to the Congress and the President respecting the effectiveness of the act and of the actions taken.

The Hobby Protection Act gives the Commission the authority to: "Prescribe rules for determining the manner and form in which coins and other numismatic items shall be permanently marked."

C. Limitations of Authority

There are, however, several conditions imposed upon the Commission's regulatory powers. These are:

The practice involved must come within the jurisdiction of the laws the Commission enforces.

Interstate commerce must be involved.

The Commission proceeds only against practices of significant interest to the public. It does not act on matters primarily of interest to private parties.

D. Functions

Commission officials have identified five basic functions of the Commission: management, planning, research and evaluation, operations, and administration.

The management function encompasses responsibility for the planning; the execution of the plans; and the analysis, evaluation, and control of the execution process, including project, case, program, and plan execution.

The planning function includes all activities necessary to the development of strategic, operational, and program plans for submittal to management for review and approval. These activities include the development of strategic plans, development of program guidelines and objectives, development of operational plans and supporting budget requests, allocation of resources, and formulation of the fiscal year budgets.

The research and evaluation function contains two major subfunctions: program impact evaluation and economic, industrial, and consumer research. Impact evaluation is concerned with measuring the effects of Commission programs upon the industrial and consumer environments over which the Commission has regulatory authority. Research includes the responsibility for developing consumer and economic theories to support the Commission's program planning and for conducting industrial analysis to aid in program and case selection.

The operations function is the ultimate execution of the Commission's plans and programs and, therefore, is the source of all the activity and cost data by which the Commission's success is measured. Its three components are investigation, enforcement, and records maintenance.

The administration function is primarily a function to support operations and management. It handles all the routine administrative control and services activities such as budgetary status, financial accounting, personnel accounting, purchasing, building maintenance, data processing, et cetera. In addition, it forms the focal point for the accumulation, aggregation, and production of financial, statistical, and operational reports for the Commission management and other Government agencies. It is responsible for supplying the management with actual performance versus plan and budget by organization element and by program, as well as providing the necessary legal control over the expenditure of dollars and the hiring and utilization of personnel resources.

E. Congressional Funding for Fiscal Years 1972-1974

- In the fiscal year ending June 30, 1974, the cost of the Commission's operation was a little over \$32.2 million. The requested amount for fiscal year 1975 is approximately \$38.4 million. Schedules showing the appropriation estimates and actual obligations for fiscal years 1973, 1974, and 1975 are shown in appendix II on page 137.

As of September 30, 1974, 1,641 people were employed by the Commission, of which 619 were attorneys and about 297 were economists and other professionals. Of the attorneys, approximately 423 were employed at the Commission's offices located in Washington, D.C.; the remainder were located in the various regional offices.

F. Prior Management Reviews

For the past 6 years the Commission has repeatedly been criticized by such individuals and organizations as Ralph Nader, the Office of Management and Budget, the American Bar Association, and the House of Representatives, Committee on Appropriations, for a lack of planning, inconsistent case selection, problems with resource allocation, delays in processing cases, poor coordination, and lack of adequate delegation of authority.

The two most recent reports highlighting the Commission's operational and managerial problems were prepared by the Commission's Management Division and the Subcommittee on Commerce and Finance, House Interstate and Foreign Commerce Committee. Excerpts from these reports are presented below.

I. FEDERAL TRADE COMMISSION INFORMATION SYSTEM STUDY, JANUARY 1975

This study noted the following deficiencies:

In practice, the Commission management structure does not provide a single focal point for the exercise of managerial authority below the level of the Chairman.

The Commission lacks the capability to adequately evaluate and control operational performance.

The system and structure have not been defined for the conduct of strategic, operational, and program planning.

The Commission is devoting substantial amounts of uncontrolled resources to preliminary investigations that are used for a wide range of purposes.

The theories and data required to support development of long-range strategic plans are not available.

The methodologies and responsibility for program impact measurement have not been defined.

The information and evaluation criteria now being used throughout the Commission for case selection are inconsistent.

Projection of milestones and resource requirements and accumulation of historical resource expenditure experience by type of case are necessary for efficient case scheduling.

There is extensive duplication of records in the Commission and a general lack of accessibility and accuracy of the records in the central file.

Within the budget and finance activity, problems exist in accounting for actual expenditures in a timely manner and comparison of these expenditures against budgetary allotments.

The roles and responsibilities of the regional offices need further clarification.

An adequate means of communicating relevant information in a timely manner is lacking at the Commission.

Commission policy is unclear concerning the purpose and use of letters of complaint.

In commenting on the study in December 1973 and January 1974, both the Executive Director and Commission Chairman commended the management team for preparing a report which appeared to be a professional, comprehensive, and informative document that broadly addressed all aspects of the Commission's management needs.

The above management deficiencies were the basis for the Commission's initiation of four work groups to study and develop an approach to alleviate these problems. The four priority projects were: (a) The financial management, (b) the case/project tracking status, (c) operational planning and control, and (d) document and legal research.

2. SUBCOMMITTEE ON COMMERCE AND FINANCE, HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE REPORT—OCTOBER 1974

This report states that many of the past criticisms of the Commission, such as the lack of priorities, case selection, leadership problems, and case workload, are still valid. Specific deficiencies mentioned are as follows:

Although the major criticism of the Commission has been the establishment of priorities, we were unable to find strong evidence that the Commissioners were exercising this leadership role, even though the Commission staff had developed the necessary framework for their use.

The Commission's outputs continue to decline, continuing the situation observed in the last decade. It does not appear that there has been an increase in the quality of the consumer protection cases to compensate for this decline.

A problem regarding the necessary reprogramming flexibility available to the Commission has become apparent during the time period of this study. It appears the Commission is being constrained by inconsistencies inherent in directives of the Appropriations Committee, which may be at variance with the basic responsibilities of the Commission under the Federal Trade Commission Act and other enabling laws.

In addition to these deficiencies, the report also raises questions regarding the need for such an elaborate management information system by the Commission, citing the relatively small number of information items which pass through the various stages of the Commission's investigation and litigation procedures, the cost of centrally collecting such information, the lack of accuracy in the information being collected at the present time, and the undue optimism displayed by the Commission regarding its successes in this area. The evaluation of the Commission's efforts in these areas is the subject of a separate investigative staff report.

IV. CHANGES IN MANAGEMENT PROCEDURES SINCE 1972

During the last 6 years, the Commission's operation has been literally studied to death. Study after study, report after report, has been issued by internal and external groups pointing out the same and/or similar weaknesses in the management of its various programs and activities. Historically, the Commission has accepted these criticisms, together with suggestions for improvement, and indicated a willingness to do something constructive about them. Unfortunately, until recently, Commission officials only provided "lipservice" to such constructive

attempts, since the evidence indicates that virtually very little was done to alleviate the Commission's problems.

Commencing in mid-1973, however, there was a noticeable turn in events. Under the direction of a new Commission Chairman, a new breed of professionals appeared on the scene. Virtually every Bureau and Office in the Commission received a new Director, and management changes began to be made.

Some of the changes which the Executive Director indicated have taken place since November 1973, excluding the management information system support and the data processing area, are as follows:

INTERNAL RESOURCE ALLOCATION DECISION MAKING

Provided the Commission with a framework, the program budget, with which it can make a priori resource allocation trade-off decisions, and view each matter presented by the staff during the year against previous decisions it has made, and in light of the trade-offs it must make to pursue a particular case.

Strengthened the Commission's management of the staff's activities through the use of the program budget to transmit strong, clear, definitive Commission direction to the staff as to the relative level of staff effort it wishes to commit on each program.

Specified each regional office's program commitments through the program budget to provide each office with specific individualized professional manpower allocations by program.

Required establishment of individual regional office budget allocations for travel and stenographic reporting.

EXTERNAL BUDGET JUSTIFICATION

Presented the Office of Management and Budget, and eventually the Congress, with a program budget that will enable them to relate resource expenditures to program objectives rather than merely viewing the appropriations in terms of object class and organizational units.

OPERATIONAL PLANNING AND CONTROL

Developed a Commission and top-staff-level management review structure consisting of a program budget framework supported by information systems designed to facilitate operational planning and control of programs by comparing the status of actual accomplishments and resource use with planned accomplishments and resource commitments.

Gained staff and Commission agreement on the institution of a regular January Operational Planning and Control Review on the status of programs.

Integrated more fully the analysis of the Office of Policy Planning and Evaluation (OPPE) as to the benefits and impact of individual programs in the Commission's budget deliberations and operational planning and control process.

ACCOUNTABILITY

Heightened the staff's sense of accountability through the use of the Operational Planning and Control process that complements the program budget. This accountability is for both financial stewardship and substantive program accomplishments.

Increased the staff's awareness of the cost of its actions, both in personnel costs and operating expenses, for example, charging the appropriate operating unit with the stenographic reporting costs they incur. Previously, many costs were unallocated in either overhead or centrally controlled accounts, and the responsible operating manager was not aware of many costs he incurred.

Decentralized responsibility for program and budget execution to the appropriate program manager level. Formerly, all budgetary planning and resource allocation were centralized in the Executive Director's Office.

Delegated increased signature authority over personnel and travel authorizations to Bureau Directors and office heads for their redeligation to appropriate managers.

ADMINISTRATION AND COST REDUCTION

Recruited a number of key professional managers for both operating units and the budget and finance, data processing, management and administrative functions.

Began initial design work on internal management audit and property management program for the Commission. These will be in place by the end of fiscal year 1975.

Established a personnel management audit survey designed to evaluate each of the Commission's organizational units on a 3-year cyclical basis.

Analyzed several areas of Commission activity for cost reduction opportunities. This analyses led to changing internal stenographic reporting service practices and renegotiation of the current contract that should save approximately \$175,000 in fiscal year 1975.

It must be understood that the changes and innovations which are mentioned above are still in the early stages of development and implementation. Many of them still have to be debugged; nevertheless, these recent efforts, long overdue, are commendable and should be continued.

However, despite these innovations and developments, the investigative staff believes that serious problems still exist which are having adverse effects on the Commission's operations. The remaining part of this report is devoted to highlighting these problems, together with suggestions for alleviating them.

V. PROBLEMS OBSERVED IN COMMISSION LEADERSHIP

During the course of its investigation, the investigative staff observed that the Commission's leadership role was being eroded as a result of (a) the failure of the Commissioners to take timely and decisive actions on matters brought before the Commission; (b) the lack of effective actions taken by Commission officials on recommendations made in internal and external management studies and reports; (c) the lack of clearly defined responsibilities and authority of the executive director for managing the performance of the Commission's staff; (d) the high turnover rate in key managerial positions; and (e) obsolete operating, administrative, and attorney manuals.

A. Failure to Take Timely and Decisive Actions on Matters Brought Before the Commission

A chronic complaint from both headquarters and regional office personnel is that, even if the Commission staff does handle some of the work in a timely manner, there is no uniform discipline among the Commissioners to motivate them to take action in a timely manner or even take action at all.

In following up on this matter, the investigative staff compared the average amounts of time taken in fiscal year 1972 and fiscal year 1974 by the Commission to decide whether to accept a staff request for a part II or part III complaint and to review initial decisions made by the administrative law judges (ALJ). The results of this comparison are shown in the following schedule.

[In months]

	Fiscal year—	
	1972	1974
Average time between staff recommendation for pt. II complaint and Commission decision.....	1.3	1.3
Average time between issuance of pt. II and finalizing of a consent order under pt. II.....	9.3	11.0
Average time from issuance of pt. II until issuance of pt. III complaint when no consent is contemplated under pt. II.....	6.9	6.0
Average time from issuance of pt. III until ALJ decision.....	14.7	15.6
Average time from issuance of pt. III until respondent decides to consent rather than go to hearing before ALJ.....	9.3	10.2
Average time from initial decision of ALJ until Commission issues final order or decides to vacate or remand.....	9.0	5.4
Number of complaints requested by the staff.....	47	90
Percent of complaints resulting in final consent orders.....	41	40

¹ As of Dec. 1, 1974, no pt. II complaints issued in fiscal year 1974 had resulted in consent orders; however, 27 orders were pending before the Commission.

² This includes figures for matters pending pt. III decisions by the Commission as of Dec. 1, 1974, or no decision reached after issuance of pt. II.

³ This figure is deceptive as it is not indicative of all initial decisions reviewed by the Commission in fiscal year 1974. The investigative staff has determined that 5 initial ALJ decisions are still pending from fiscal years 1973 and 1974. If these matters are figured into the average time for Commission review, the figure would be increased to 6.9 mos.

⁴ As of Dec. 1, 1974.

What the investigative staff is trying to demonstrate is the amount of time involved in reaching a final order under all the combinations possible after the provisional complaint (pt. II) is requested by the staff.

As can be readily observed, the order can issue in 1 year if the average respondent decides to consent; however, should he take issue with the Commission and carry the matter to a final determination by the Commissioners, the average time would then be (using fiscal year 1974 figures) 29.8 months. It must be realized that the above figures do not include the time involved in the investigation.

Moreover, an examination of the listing of individual matters, provided to the investigative staff by a Commission official, pending before the Chairman and each Commissioner as of October 1974, showed the following.

	Commissioners				
	Chairman Engman	Dixon	Thompson	Hanford	Nye
Matters under 3 months.....	28	9	13	2	6
Matters between:					
3 to 6 months.....	23				3
6 to 12 months.....	59				
12 to 18 months.....	23				
Matters over 18 months.....	2				
Total.....	135	9	13	2	9

In discussing this problem with the Commissioners, they generally agreed that, although the situation is not as bad as it used to be, a certain amount of delay still exists at the Commission level. The investigative staff was informed that the best way to make the Commission come to grips with the delay problem is to expose it in our report.

During conversations with one Commissioner, he indicated that one way to solve the problem would be to implement the practice followed currently by the State of California in paying its Judges. The practice described was that no state Judge is paid in California unless and until he certifies that he has no cases on his calendar that are over 60 days old. The investigative staff believes that some sort of discipline is necessary to drastically reduce the time delays currently being encountered at the Commission level and, possibly, to apply this discipline at all management levels within the Commission.

B. Lack of Effective Actions Taken on Recommendations Made in Management Reports and Studies

One serious weakness noted by the investigative staff is the failure of the Commissioners, the Chairman, and operating bureau officials to take effective and timely actions on management and organization recommendations made in both internal and external management reports and studies. There is a complete absence of an effective formalized followup procedure at the Commission. This is borne out by the fact that the same and/or similar management deficiencies are repeatedly being reported by each internal and external group reviewing the Commission's management activities. With regard to deficiencies set forth in the various studies and reports, the attitude of the Commission officials has been to: (1) Recognize that a problem exists, agree with the suggested recommendation, and promise to take corrective action, which, unfortunately, has not taken place in many instances; or (2) completely ignore the recommendation knowing that no one is following up to insure that corrective action is taken.

An examination of reports issued during 1973 and 1974 show the following:

1. ANNUAL PLANNING REPORT—MARCH 1973

This report contains 10 major recommendations together with numerous sub-recommendations. The investigative staff found no evidence whereby any formal actions were taken to either implement or dispose of these recommendations.

2. ASSISTANT EXECUTIVE DIRECTOR FOR REGIONAL OPERATIONS' REPORT—
DECEMBER 1973

On January 16, 1974, the Chairman presented to the Commission the above report which contained 37 recommendations for improvement of the performance of the regional offices. The Commission was advised that a number of the report's recommendations had already been implemented, and others would be implemented in the near future. Commission actions were officially taken on only 14 (about 38 percent) of the recommendations. In six instances, wherein specific action was directed to be taken, the investigative staff found no meaningful action has, in fact, been taken. Moreover, action taken on two other recommendations is questionable.

In the remaining 23 recommendations, the Assistant Executive Director for Regional Operations either withdrew the recommendations, took no further action, or partially implemented portions of the recommendations on a very limited basis.

3. FEDERAL TRADE COMMISSION INFORMATION SYSTEM STUDY—JANUARY 1974

In this report, the Commission's management review team made 32 recommendations which related to the correction or improvement in the Commission's management and organization activities. Although some of the deficiencies may have been indirectly addressed through the various Management Information Systems (MIS) Steering Committees, the investigative staff found no evidence whereby Commission officials specifically addressed any of the recommendations applicable to the management problem areas; such as, a lack of planning, inconsistent case selection, resource allocation, delays in processing cases, poor coordination between headquarters offices and the regional offices, and the clarification of the roles and responsibilities of the regional offices.

4. PERSONNEL MANAGEMENT EVALUATION SURVEYS—FISCAL YEAR 1972—FISCAL YEAR 1975

During fiscal year 1973 through the first quarter of fiscal year 1975, the Division of Personnel conducted personnel management evaluation surveys in 13 of the Commission's organizational operating units.

In its visits to the regional offices, the investigative staff found that three such surveys had been made in the Seattle, Kansas City, and Dallas regional offices.

A review of these regional office personnel management evaluation surveys showed that a majority of the recommendations had not been adequately implemented by the regional directors. In some instances, this was because the responsibility for taking the corrective action was not that of the regional director but rather the Assistant Executive Director for Regional Operations.

In light of the above circumstances, the investigative staff questions the implementation efforts made by the other 10 offices and bureaus.

5. MANAGEMENT DIVISION STUDIES OF PRINTING COSTS—JULY AND OCTOBER 1973

In April 1974, the Executive Director informed the House Appropriations Subcommittee of the following: "In October 1973, our Management Division conducted a study of printing and mailing costs for FTC press releases which resulted in recommendations for cost savings in the areas of GSA mailing services, FTC printing plant costs, the maintenance of distribution lists, and postage. Another study conducted in July 1973, was directed at general improvement of in-house printing plant operations. In addition, duplicating costs were studied by Management Division personnel during the last 6 months, and we have begun to implement recommendations for a more centralized copy system."

In all, there were 16 recommendations for improvement made in these 2 reports. The investigative staff was told by a Commission official that, as of December 10, 1974, no action had as yet been taken to implement any of these recommendations.

C. Need to Clarify and Strengthen the Authority and Responsibilities of the Office of the Executive Director

The investigative staff believes that the authority and responsibilities of the executive director need to be strengthened, enlarged, defined, and communicated formally to the other Commission organizational units. The absence of such defined authority and responsibilities has resulted in managerial problems with several of the Commission operating units.

The following deficiencies relative to the Office of the Executive Director were highlighted in the Commission's management division's report published in January 1974.

In practice the Commission management structure does not provide a single focal point for the exercise of managerial authority below the level of the Chairman. Many of the weaknesses in the commission management process are attributable to the top-level organizational structure and the lack of clearly defined responsibilities and authority for managing the performance of the Commission staff.

The existing guidance on functions and responsibilities of the Executive Director is in some instances unclear and in others contradictory. As a result, procedures and information to support effective decisionmaking in many of the Commission's activities are lacking, and each new decision requirement itself necessitates decisions as to how the matter will be handled. This situation not only impedes the work of the Commission but also encourages ad hoc decisionmaking, sometimes at inappropriate levels.

In discussing these above deficiencies with the Executive Director in November 1974, he agreed that they were still true and valid criticisms of the Office of the Executive Director. He indicated that his role, as orally delegated by the Chairman, is one of a management consultant who is well oriented in "crisis management."

The investigative staff understands that the administrative responsibilities fall upon the Chairman; however, it would appear that, to act in a timely and decisive manner on administrative and managerial problems or recommendations, the Chairman must delegate certain authority to the Executive Director to decide issues commensurate with his authority or make recommendations to the Chairman and Commissioners when appropriate. Also, the investigative staff feels the Executive Director should be granted authority to assure implementation. The absence of this decisiveness has created unnecessary doubt and frustration on the part of the Commission employees as should be evident from the lack of response to internal studies.

D. Problem Created by Personnel Turnovers in the Offices of the Commissioners and in Key Managerial Positions

In the past 4 years, the turnover rate in the Commissioners' offices and the Commission's managerial positions has been such that it has created a loss of continuity in approaches to Commission programs and has tended to prevent any new management improvements to take root and grow into fruition.

Officials who previously occupied these positions have generally held them for less than 2 years. For example, during the past 2 years the Commission has had, either in an active or acting capacity, two new chairmen, three new commissioners, three executive directors, four directors of the office of policy planning and evaluation, two assistant executive directors for management, two general counsels, two bureau of competition directors, three bureau of consumers protection directors, and three bureau of economics directors, nearly all of whom have come to the Commission from outside. Therefore, each of these outsiders has had to learn the Commission's operations and its employees. Many of these current officeholders have indicated they intend to leave the Commission within the next 2 years.

Although assurances have been made by Commission officials that the management improvements, such as the management information system and the program budgeting process, would not be affected by the loss of some of these current officials, the investigative staff is skeptical of such expressed optimism.

E. Obsolete Commission Manuals

The Commission's operating manual, administrative manual, and the attorney's manual are seriously outdated and are of little, if any, use to Commission personnel in carrying out the Commissions' programs efficiently and effectively.

Commission officials admit that the "in-house" rules and regulations are a disgrace. However, this is a low-priority matter on the Executive Director's agenda and will be addressed just as soon as the Commission's major problems, such as the implementation of the program budget and the management information systems, are solved.

F. Conclusion and Suggestions for Improvements

The investigative staff believes that there are some serious flaws in the Commission's leadership which are hindering its operational effectiveness. In order to correct these flaws, the investigative staff suggests that the following corrective actions be taken by either the Commission and/or the Chairman.

Establish an internal discipline whereby action is taken on Commission matters on a timely basis.

Establish an effective followup procedure on all internal and external management recommendations.

Clearly define the authority and responsibilities of the Office of the Executive Director for managing the performance of all Commission staff functions.

Intensify efforts to develop and train in-house management personnel to preclude lost time in transition and to improve morale by offering top jobs to qualified career employees.

Update the Commission's manuals and institute procedures to insure they are maintained on a current basis.

VI. PROBLEMS OBSERVED IN THE PLANNING AND EVALUATION FUNCTIONS

The Commission's planning and evaluation efforts are being impeded due to (a) the inability of the Office of Policy Planning and Evaluation (OPPE) to effectively carry out its primary functions, and (b) the limited use of cost-benefit analysis in establishing program priorities.

Improvements are needed if the Commission is to carry out its statutory responsibilities in an efficient, effective, and economical manner. Although the Commission has attempted during the past 6 years to resolve these planning and evaluation problems, it has not been completely successful. The same and/or similar problems which existed during the period 1960 through 1972 still currently exist.

There is little disagreement by Commission officials that the Commission needs an effective planning and evaluation program which will identify what program planning really is, which programs should be pursued, and how the resources should best be allocated in order to produce the greatest results.

Current attempts are being made by Commission officials to get a handle on this problem. However, it is too early to evaluate such efforts since they are in the embryonic stage of development and implementation.

A. Organizational Element Responsible for Commission's Planning and Evaluation Process

OPPE was created in June 1970 and given the responsibility for the development of studies and reports, with recommendations directly to the Commission, on how and where its resources should best be utilized to serve the public interest.

Its functions include the systematic review of the Commission's planning procedures, and of specific policies and programs, with emphasis on initiation and evaluation, so as to make informed recommendations with respect to each important area of Commission activity. In carrying out these functions, OPPE works closely with the Office of the Executive Director and with the bureau directors in evaluating and coordinating the overall work of the Commission and in developing its budgetary requirements.

1. POLICY PROFILE TASK FORCE REPORT—SEPTEMBER 15, 1972

This report, OPPE's first major effort in carrying out its responsibilities, attempted to provide a conceptual framework within which activities of the Bureau of Competition, Bureau of Consumer Protection, and the Regional Offices could be organized, classified, and compared. The goal-objective-strategy analysis contained in the profiles was the foundation for subsequent program planning instruments, such as the analytical program guides, program plans, and program summaries. The programmatic organization of activities that was embodied in the report was the basis for the evaluation contained in the following three major planning documents submitted to the Commission by OPPE during the past 2 years.

2. ANNUAL PLANNING REPORT—MARCH 1973

This four-volume report considerably refined the work set forth in the policy profile task force report. Many activities of the major enforcement units were again organized by program area. Objectives of each program area were described and evaluated together with the effectiveness of the planned strategies. Specific recommendations were made for improving the program areas.

3. FISCAL YEAR 1975 BUDGET OVERVIEW—JULY 1973

This overview listed 28 possible goals that the Commission might wish to pursue. The programs were classified according to whether they would further one or more of the goals listed. The overview indicated the number of man-years the Bureau of Consumer Protection or the Bureaus of Competition proposed to devote to each program. This was done to provide a basis whereby the Commissioners, if they desired, could increase or decrease the resources allocated to a particular program depending on whether they wished to emphasize or deemphasize a particular listed goal.

4. FISCAL YEAR 1976 BUDGET OVERVIEW—JULY 1974

This overview did not analyze submitted programs by goal as had been previously done in the fiscal year 1975 overview. Its main thrust was that the value of the various programs could be compared only on the basis of some common factor. OPPE indicated the only consideration that could be used to make such comparisons was the effect of the matter on the economic welfare of the consumer.

5. BENCHMARK DATA SYSTEM AND MONOPOLY LOSS PROJECT

In February 1973, OPPE, in conjunction with the Bureau of Economics, sent a report on the benchmark data system and the monopoly loss project to the Commission. The benchmark data were intended to provide information that could be incorporated into planning models, which could be used to select target industries for antitrust law enforcement programs, and thus, provide guidance in the Commission's allocation of antitrust enforcement resources. The monopoly loss project attempted to estimate the economic loss thought to result from the structural characteristics of certain industries.

In addition to the 5 major projects discussed above, OPPE has evaluated 15 other matters, such as investigations, complaints, and consent orders, that were sent to the Commission for its consideration and necessary actions. Also, 9 memorandums have been forwarded that proposed or reported on consumer behavior research projects or that suggested new ways of conceptualizing consumer behavior.

B. Problems Limiting OPPE's Effectiveness

OPPE is seriously hampered in carrying out its operational functions because of (1) an unwillingness on the part of the headquarters operating bureaus to allow their programs to be evaluated by OPPE personnel; (2) a lack of timely action taken on reports, studies, and memorandums submitted to the Commission; (3) ineffective management evaluation tools; and (4) personnel staffing problems.

1. UNWILLINGNESS OF OPERATING BUREAUS TO ALLOW THEIR PROGRAMS TO BE EVALUATED BY OPPE

During the course of its investigation, the investigative staff found that there has been a great reluctance demonstrated by the headquarters operating bureaus to allow OPPE to evaluate their programs. The prevailing attitude in the bureaus is that their program areas are considered "sacred territory" and "off limits" to OPPE personnel.

For example, one bureau director stated that a case-by-case review of his cost/benefit approach would be inappropriate on the part of OPPE. He advised that OPPE's responsibility was that of strategical planning and not tactics. In his opinion, OPPE does not have a right to evaluate his cases except for future consideration because his bureau is working on matters specifically prescribed to it by the Commission.

Another bureau official stated that there was no need for OPPE, since the bureau was fully capable of performing this planning and evaluation function for the Commission.

Further evidence of the problems confronting OPPE in its working relationships with the headquarters operating bureaus were highlighted in the OPPE Director's memorandum to the Commission Chairman on September 16, 1974. In this memorandum, the Director recommended that the Commission "direct" the operating bureaus and the Bureau of Economics to work with OPPE so that all presently existing matters not now in litigation could be submitted to OPPE for analysis and comment prior to the time the matter goes forward to the Commission. This recommendation was based on the fact that there presently is no way in which the Commission, or OPPE acting on the Commission's behalf, can make an informed judgment based on any articulable standard as to the importance of any one case or program compared with other cases or programs.

2. LACK OF TIMELY ACTIONS TAKEN ON OPPE REPORTS, STUDIES, AND MEMORANDUMS

Between June 15, 1972, and September 1, 1974, OPPE submitted a combined total of 52 reports, studies, and memorandums to the Commission recommending actions on how and where the Commission's resources should be utilized to best serve the public's interest. Of this total, 26 (or 50 percent) received no meaningful attention by the Commission [See app. III on p. 147 for a document-by-document analysis.]

The following schedule illustrates the type of Commission action taken on OPPE's five major projects submitted during the above 2-year period.

Subject matter	Date submitted	Type of action taken as of Nov. 30, 1974		
		(1)	(2)	(3)
Policy profile task force report	Sept. 15, 1972		X	
Benchmark data system and monopoly loss project	Feb. 22, 1973	X		
Annual planning report	Mar. 9, 1973	X		
Fiscal year 1975 budget overview	July 13, 1973		X	
Fiscal year 1976 budget overview	July 24, 1974			X

¹ Reference to minor section of lengthy OPPE memo. No further response.

² Discussed OPPE memo or general topic. No further response.

³ No response recorded, or commission action contained no mention of OPPE memo.

3. INEFFECTIVE MANAGEMENT EVALUATION TOOLS

During the past 3 years, Commission personnel have developed a benchmark data system, a monopoly loss model, and analytical program guides to assist OPPE in its policy planning and evaluation efforts. The results of such development efforts have not only been costly but have generally produced a product which has been of little value to OPPE in carrying out its operational functions.

a. Benchmark data system

This system was intended to be used as a basis for resource allocation recommendations, primarily in the antitrust enforcement area. However, as Commission officials developed and attempted to use the system, it became apparent that they did not have, and could not obtain, from public sources, data adequate to meet the needs for the theoretical model.

It commenting on the present viability of the system, the current OPPE Director stated he would not be willing to base any recommendations on the system. In his opinion, not only are there data deficiencies in the system but there are fatal theoretical deficiencies involved in its construction that render it essentially useless as a policy guide even with the best data in the world.

According to the Director, the basic theoretical problem with the system is that it focuses almost exclusively on certain economic proxies, primarily concentration ratios, profit rates, and barriers to entry, that are thought to be symptomatic of an undesirable industry structure. These proxies are not able to distinguish between a market that is characterized by economies of scale and one that is characterized by collusion. For reasons that were explored in some detail in the fiscal year 1975 budget overview, it is a matter of utmost importance to be able to make that distinction. The present system is totally incapable of doing so; consequently, it is not currently used for policy planning purposes at the Commission. The total cost for developing the benchmark data system could not be provided, nor could it be established from the Commission's records.

Although some thought has been given to revising the benchmark system in order to make it more useful for future endeavors, the task is considered to be too formidable and costly to continue.

b. Monopoly loss model

This model was designed by the Bureau of Economics and OPPE in March 1972 to predict benefits from two kinds of cases: Deconcentration cases and horizontal merger cases. It was intended that by use of the model the Commission would be able to maximize the benefits from the resources committed to this kind of enforcement work.

Approximately 1 year after its development, these Commission officials reported that they had reached the conclusion that their original objectives were too ambitious. Although the concept of monopoly loss was well founded, it was now clear that the data presently available for the calculation of monopoly losses for anything approaching a universe of industries was either nonexistent, or too poor, to result in figures in which confidence could be placed.

The difficulties which beset the development efforts were as follows:

- (1) The standard industrial classification system designed by the Office of Management and Budget and used by the Bureau of the Census, for classifying industrial data is defective for antitrust policy purposes because it is defined with respect to supply conditions rather than demand conditions.
- (2) Public sources of industry information do not adequately take account of firm diversification.
- (3) The industrial data available from public sources are infirm for other reasons, such as staleness.

In the view of the OPPE Director, there are severe theoretical deficiencies with the monopoly loss model in addition to the data problems. These lie primarily in its treatment of the possible existence of scale economies. Since the final model was never developed, it has never been used as a basis for Commission decisionmaking.

The actual model development costs could not be determined from the Commission's records. The Director indicated that approximately 2 professional man-years were spent on such activities.

c. Analytical program guides

Analytical program guides (APGs) are indepth studies used as a basis for the Commissioners to decide whether to approve a particular program. No one knows for sure how many APG's were ever produced primarily because there seems to be no single agreed-upon definition of an APG within the Commission.

The following schedule shows the APGs which have been acted upon by the Commission since 1972.

Date APG written	Program area	Date of commission's approval/disapproval
Unknown.....	Regional advertising.....	July 13, 1973
Jan. 12, 1972.....	Consumer education (vocational schools; truth-in-lending; door-to-door sales). Vocational schools.....	Oct. 11, 1972 May 22, 1973
Mar. 20, 1972.....	Insurance.....	Feb. 7, 1973
June 20, 1972.....	Food and nutrition.....	Jan. 1, 1972
June 28, 1972.....	Direct selling industry.....	Jan. 1, 1972
July 28, 1972.....	Fair packaging and labeling.....	Dec. 8, 1972
Aug. 1, 1972.....	Credit remedies.....	Oct. 3, 1972
Sept. 9, 1972.....	Fair credit reporting.....	Jan. 4, 1973
Nov. 28, 1972.....	Disclosure of consumer product information.....	Jan. 12, 1973
Dec. 1972.....	Idea promotion industry.....	Mar. 26, 1974
Sept. 10, 1973.....		

According to the OPPE Director, the length of the APGs has been praised and criticized. In some instances, they are too long for easy use by the regional offices, OPPE, and the Bureaus' staff. APGs have not been kept up to date. Copies have not been readily available in any form. Moreover, the APGs have not provided concrete details on objectives, enforcement strategies, and evaluation.

4. PERSONNEL STAFFING PROBLEMS

At the outset of the investigation, it appeared that the personnel turnover rate was having a material effect on OPPE's operational activities. However, the Director later informed the investigative staff that, although there had been considerable turnover of professional staff—particularly of Directors, consumer marketing specialists, and program or management analysts during the past 5 years—it was not so much the turnover rate but rather one of not having a sufficient number of qualified professional personnel on board that was creating problems.

For example, until September 1973, the 13 professional positions allocated to OPPE had not all been staffed at any one time except for a very brief period during a prior Director's reign. In his opinion, a small number of OPPE staff could not turn out the quality of work at the pace necessary to establish a significant presence in either the Commission's or the Bureaus' decisionmaking process.

In addition, he indicated there was the question of the kinds of personnel in OPPE. Previously, all the Directors, except one who was an economist, were lawyers. Only recently has the proportion of OPPE staff with both legal and economic backgrounds been more than minimal. Having more personnel with training and experience in both fields should improve the ability of the OPPE staff to speak the language of the Commissioners and the Bureau staff while bridging the gap between the 2 disciplines.

C. OPPE's Current Efforts To Improve the Planning and Evaluation Process

During June through October 1974, the OPPE Director submitted 3 memoranda to the Commission Chairman proposing changes in OPPE's involvement in the investigations and in the internal evaluation procedures of the operating bureaus. Specific suggestions were as follows:

(1) Creation of a Bureau of Consumer Protection Evaluation Committee to evaluate all Bureau of Consumer Protection programs, cases, trade regulation rules, etc., proposed for the future. The Committee shall consist of representatives from the Bureau of Consumer Protection and Economics, the Office of the Assistant Executive Director for Regional Operations, and OPPE.

(2) All formal investigations in Bureau of Consumer Protection matters, whether originating in the regional offices or in the Bureau itself, shall be cleared by the evaluation committee.

(3) Periodically, OPPE shall prepare and distribute, with the concurrence of the committee, statements of policy based on the actions and conclusions of the committee and of the Commission. These statements may then be used as guides to future activity by personnel of the Bureau of Consumer Protection and the regional offices.

(4) All investigations in the Bureau of Competition must be cleared by the existing Bureau of Competition Evaluation Committee or by the Merger Screening Committee. The composition of, and the procedures to be followed by, such

committees shall conform to that set forth for the Bureau of Consumer Protection Evaluation Committee.

As of December 1, 1974, these matters were still being considered by the Chairman.

D. Limited Use of Cost/Benefit Analysis in Establishing Program Priorities

Since 1972, cost/benefit analysis has not been used to any great extent by Commission officials in establishing program priorities. Although it is recognized by the Commission as a valuable management tool, the general consensus among the operating bureaus has been that it has been difficult, if not impractical, to implement.

Excerpts from statements made by various Commission officials since 1972 relative to the application of the cost/benefit analysis technique to Commission programs are presented in the subsequent paragraphs.

"**CHAIRMAN MILES W. KIRKPATRICK, JULY 1972**

"The great advantage of the cost/benefit approach is that implicit judgments are made explicit and subject to analysis. Priorities should be established for every case or program at as early a stage in its existence as possible, and at periodic intervals thereafter—and this should include a cost/benefit analysis whenever appropriate. Explicit thought should be given to defining the benefits the case, rule or other activity is expected to produce, and to a systematic examination and comparison of alternative courses of action that might be taken to achieve the specified objectives. Not only is it important to systematically examine all of the relevant alternatives that can be identified initially, but also to design additional ones if those examined are found wanting.

"Operating within the public policies declared by the Congress, which are by definition paramount, cost/benefit analysis is an invaluable tool for the Commission's policy planning deliberations. While the logic of the cost/benefit approach makes it the most desirable approach to policy planning at the Federal Trade Commission, the collateral objection is often raised that the benefits of Commission activities are not susceptible to quantification. I believe such objections are exaggerated. Lacking a consumer protection model which will provide an early benefit calculation, the staff must expressly undertake such an analysis for themselves. In most cases, the estimated benefit could be roughly, but usefully, quantified in dollar terms.

"In summary, every staff person should think in terms of costs, benefit, and priorities, not just whether there is a law violation. Realistic efforts should be made to evaluate the expected benefit of a proposed action; thought should be given to alternative ways of better achieving the objective; decisions should be made that other activities may have a high benefit and should be undertaken first.

"**COMMISSIONER MAYO J. THOMPSON, SEPTEMBER 7, 1973**

"I am having considerable difficulty in trying to get a grip on the Commission's policy-planning and budgeting process. I must confess that I don't understand the criteria used by the staff in selecting its matters for investigation and I don't see the kind of information in the files crossing my desk that would really permit me to make an informed decision on whether to vote for or against them.

"I understand that we now have pending no less than 3,500 to 4,000 active investigations. And of course, we are approving new ones each day. If I pick any one of these cases at random and say, 'Is this a good case, one we ought to be spending the taxpayer's money on?', no one seems able to give me an answer that goes beyond, 'Yes, it's a good case because they've violated the law.' No one is able to tell me, however, how much it is going to cost us and how much it is going to benefit the people it is supposed to benefit, if any. With no damage estimates in the file, how are the individual Commissioners supposed to distinguish big cases from the little ones?"

"**CHAIRMAN LEWIS A. ENGMAN, APRIL 1974**

"Some discussion of benefits and costs is now furnished to the Commission for almost all the cases it considers, even though theory and data limitations often prevent really rigorous measurement, or comparable measurements among different case projects.

"When feasible, the Bureaus of Competition and Consumer Protection now are expected to include with each major request to the Commission for investigation approval some estimate of probable cost and benefit, and an analysis of relevant policy considerations and enforcement objectives. In addition, virtually all major Bureau of Competition matters, and certain crucial Consumer Protection matters, are now reviewed and analyzed by the Bureau of Economics before being forwarded to the Commissioners, to make sure that economic perspectives are taken into account.

"Although cost/benefit analysis is certainly a primary screening device for comparisons among cases competing for commitment of Commission resources, the theoretical problems that remain unsolved in this area and the lack of accurate reliable data for the performance of most sections often prohibit meaningful comprehensive analysis at the present. The line-of-business proposal will go at least part of the way to correct this data deficiency problem. The cost benefit analysis process in itself is a costly and time consuming effort, and without high quality reliable data cannot be viewed at this time as providing definitive answers to the Commission's resource allocation questions."

"DIRECTOR OF OPPE, SEPTEMBER 1974

"It is not possible at this point in time to prepare a document that could realistically be called an 'overview' of the budget of the Federal Trade Commission. Any such document would set forth recommendations as to resource allocation among the Bureaus and among programs and cases within the Bureaus on the basis of some technique as to the validity of which at least a modicum of agreement existed. There is no such technique presently in existence at the Federal Trade Commission.

"The only technique that we know of that might meet the above standard is that of cost/benefit analysis. It cannot be applied now for the simple reason that benefit estimates have been made for only a very few Commission programs.

"Without the existence of some such standard, however, neither this Office nor any other Office or Bureau in the Commission would be able to provide the Commission with the type of information necessary to make a rational trade-off as between the various programs or cases in which the Commission might engage."

E. Conclusions and Suggestions for Improvements

After considering the above facts, the investigative staff questions the value of OPPE's past and current contribution to the Commission's policy planning and evaluation efforts. Either its services should be effectively used or the Office should be abolished.

If OPPE is considered to be a vital organ in the Commission's operation, the investigative staff suggests that the Chairman should take steps to: (1) Eliminate the barriers which currently restrict OPPE from performing its assigned functions; (2) see that the Office's reports, studies, and memorandums are acted upon in a timely manner; and (3) provide sufficient resources commensurate with the assigned functions and responsibilities.

As relates to the cost/benefit analysis, the Commission has not truly come to grips with this issue. The investigative staff is of the opinion that, while the benefits to be gained may not be measurable with exact precision, this type of analysis, if properly applied, could greatly eliminate those proposals which clearly contribute little in terms of the costs involved. Until the Commission takes this matter seriously, no rational trade-off can be made as to which programs should be pursued.

VII. OBSERVATIONS OF CASE WORKLOAD AND RELATED PROBLEMS

- The investigative staff observed that, although the Commission's case workload has generally decreased during the period fiscal year 1972 through fiscal year 1974, giving the impression that better controls are being exercised over investigations pursued by Commission personnel, serious problems still prevail which are hampering the Commission in fulfilling its mission in an efficient, effective, and economical manner.

In the subsequent pages, the investigative staff comments on the status of the Commission's case workload during this period and highlights some of the more serious problems confronting the Commission in handling this workload.

A. Status of Case Workload During Fiscal Year 1972 Through Fiscal Year 1974

The measurement of whether the Commission is performing its mission in an effective, efficient, and economical manner does not in and of itself rest on the number of cases pending, plus those opened, and closed over a prescribed period of time. Neither do the budgetary allocations among specific areas of activity completely reflect the importance the Commission assigns to them. Such quantitative data, subject to the above qualification, does, however, provide a rough but significant indicator of the trends in the Commission's output and its ordering of priorities.

Given the above qualifications, statistics relative to the Commission's case workload during the period covering fiscal year 1972 through fiscal year 1974 are set forth in the following schedules.

PRELIMINARY INVESTIGATIONS

Organizational unit.....	Fiscal year—		
	1972	1973	1974
Initiated:			
Bureau of Competition.....	178	49	43
Bureau of Consumer Protection.....	3,353	1,773	1,655
Regional offices.....	2,886	2,574	3,095
Total initiated.....	6,417	4,396	4,793
Completed:			
Bureau of Competition.....	121	134	71
Bureau of Consumer Protection.....	4,189	1,772	1,868
Regional offices.....	4,561	2,742	2,935
Total completed.....	8,871	4,648	4,874
Pending:			
Bureau of Competition.....	130	45	16
Bureau of Consumer Protection.....	562	563	292
Regional offices.....	1,343	1,124	1,270
Total pending.....	2,035	1,732	1,578

As can be readily observed, the figures indicate a quality control process in which an effort has been made by management to complete those matters which are not worthy of the Commission's effort at an earlier stage of investigation with a view to gaining control of a backlog of pending preliminary matters. Thereafter, the matters deemed worthy of further effort are carried to the formal stage.

FORMAL INVESTIGATIONS (7-DIGITS)

Organizational unit	Fiscal year		
	1972	1973	1974
Initiated:			
Bureau of Competition.....	123	75	83
Bureau of Consumer Protection.....	188	376	316
Regional offices.....	159	364	277
Total initiated.....	470	815	676
Completed:			
Bureau of Competition.....	112	211	155
Bureau of Consumer Protection.....	559	572	376
Regional offices.....	302	187	295
Total completed.....	973	970	826
Pending:			
Bureau of Competition.....	356	216	146
Bureau of Consumer Protection.....	578	229	194
Regional offices.....	302	491	478
Total pending.....	1,236	936	818

The figures show an effort from fiscal year 1972 through fiscal year 1974 to complete formal investigative matters, some of which had been open an excessive amount of time. This approach was coupled with a more careful selection of new formal investigative matters. Together, these efforts reduced the total number of formal (7-digit) pending investigations.

Both the Bureau of Competition and the Bureau of Consumer Protection staffs indicated that more significant cases are now being pursued than in fiscal year 1972, which is the reason for the decline in preliminary and formal investigations during this period.

The Bureau of Competition Director stated that the factors which are now used in determining which investigations to begin, to continue, or in which to recommend adjudication are (1) the significance of the product in question, (2) the size of the firms involved, (3) the importance of the industry in the economy, (4) the effect of any allegedly unlawful practice on consumer and on competitors, (5) the chance or likelihood of success, and (6) an estimate of the ultimate effect of possible relief.

Examples of the bigger investigations being undertaken in fiscal year 1974-75 by the Bureau of Competition are Exxon, Liggett & Myers, Boise Cascade, Fruehauf Corp., Food Fair Stores, Standard Oil of California, Union Oil of California, General Electric, Borden, Anaconda, Inc., ITT Continental Baking, etc.

The Director of the Bureau of Consumer Protection stated that his bureau is committed to improving case quality by selecting more complex matters against larger respondents, and by seeking more effective remedies (especially restitution). In the Director's opinion, the combination of these approaches will engender more resistance from respondents and the sum total will require more staff time per case.

In contrasting the types of investigations currently being pursued against those formerly pursued, the Director stated that in fiscal year 1972 the Commission issued four orders against small book and magazine distributors for deceptive advertising; 16 orders against greeting card companies for placing a fixed price on their cards; and two against a radio manufacturer for not having enough transistors in the radio. Now they are issuing orders against Amstar Corp. (Domino Sugar), Coca-Cola (Hi-C), ITT Continental Baking (Wonder Bread and Hostess Cup Cakes), and GAC Properties (land sales), a matter which will bring the biggest restitution to consumers in the Commission's history.

Due to the length of time required to make a case-by-case analysis, no meaningful evaluation could be made of the above. However, conceding that the Commission is concentrating on larger targets, the investigative staff believes that the Bureau Directors' explanations still do not answer the question of whether the Commission now brings to successful conclusion the types of matters that have the biggest impact in terms of policing industry, i.e., correcting wrongs and establishing enough creditability to serve as a deterrent to potential wrong-doers. One Commission official stated, "The jury is still out on this subject."

AGE OF PENDING 7-DIGIT INVESTIGATIONS

Organizational unit	Fiscal year—		
	1972	1973	1974
Bureau of competition:			
Number pending.....	356	216	146
Age (in percent):			
Less than 6 mo.	7	7	14
6 mo to 1 yr.....	11	10	23
1 to 2 yr.....	28	20	16
Over 2 yr.....	54	63	47
Bureau of Consumer Protection:			
Number pending.....	578	229	194
Age (in percent):			
Less than 6 mo.	22	8	25
6 mo to 1 yr.....	17	7	5
1 to 2 yr.....	29	25	23
Over 2 yr.....	32	60	47
Regional offices:			
Number pending.....	302	491	478
Age (in percent):			
Less than 6 mo.	20	57	27
6 mo to 1 yr.....	22	7	18
1 to 2 yr.....	47	19	33
Over 2 yr.....	11	17	22

If one looks at the percent of seven-digit cases pending over 2 years for the bureaus and regional offices—noting that these figures are for investigations prior to issuance of a complaint—it becomes evident that, in spite of the gains the Commission has made in case control, there are quite a few "old dogs" still lying around.

The following tabulation shows a substantial decrease in the number of complaints and cease and desist orders issued from fiscal year 1972 to fiscal year 1974:

Organizational unit	Fiscal year—		
	1972	1973	1974
Complaints issued:			
Bureau of Competition.....	28	26	22
Bureau of Consumer Protection.....	124	112	14
Regional offices.....	162	88	97
Total.....	314	226	133
Cease and desist orders:			
Bureau of Competition.....	13	24	27
Bureau of Consumer Protection.....	111	102	17
Regional offices.....	132	76	83
Total.....	256	202	127

The Bureau of Consumer Protection's numbers need some qualifications. During 1973, enforcement of the Flammable Fabric Act was transferred to the Consumer Product Safety Commission. In addition, the enforcement of the Textile, Wool and Furs Act and the Wool Product Labeling Act was transferred to the regional offices. The adjusted numbers, excluding the three acts mentioned above, would reduce the Bureau's statistics to:

Bureau of Consumer Protection cease and desist orders issued

Fiscal year:

1972	66
1973	41
1974	14

The Commission-staff's explanation for this reduction in the number of complaints and cease and desist orders from fiscal year 1972 through fiscal year 1974 is simply that the Commission brings fewer but more meaningful cases to issue in consumer protection, has concentrated more heavily in competition matters than in 1972, and has increased efforts in trade regulation rules.

The Deputy Director of the Bureau of Consumer Protection advised that "the Bureau's limited experience with trade regulation rules has been that, once the rule is final, a high level of compliance is achieved without further enforcement efforts. Where enforcement is necessary, however, relatively simple cases, based on the single issue of whether the company in question has or has not violated the rule, will be quickly and inexpensively brought. We anticipate that for the most part, such summary proceedings will be developed in the regional offices, as appropriate. The concept of promulgating rules primarily in the Bureau with major enforcement effort in the regional offices is designed to use all consumer protection resources, whether in the Bureau or in the regional offices to produce an efficient, inexpensive and coordinated regulatory scheme."

Trade regulation rules issued—Rules promulgated

Fiscal year:

1972	1
1973	1
1974	1

According to Bureau of Consumer Protection officials, eight rulemaking proceedings are in progress, involving major consumer issues such as food advertising and nutrition claims, automobile fuel economy claims, pesticide advertising, flammability of cellular plastics, and the refund and advertising policies of private vocational schools. Approximately 18 other possible trade regulation rules

are in various stages of development at the staff level. At least one further rule-making proceeding will be initiated in 1974, and it is expected that several of the above 18 will be initiated in fiscal year 1975.

Also, in the past, a number of other statistical accomplishments have emerged from the operational procedures which begin with receipt of a consumer complaint or staff observation of a potential violation and extend to the completion of a formal investigation. These are such things as textile and fur inspections, minor violations corrected, small business satisfactory corrections, and assurances of voluntary compliance.

These figures are not broken down by bureaus and regional offices. In essence, they amount to monitoring the textile and fur industry or working out corrective actions of a minor nature with the respondent when it becomes apparent during the investigation that additional Commission effort is economically unwise. For example:

	Fiscal year —		
	1972	1973	1974
Textile and fur inspections ¹	5,501	3,428	827
Small business satisfactory corrections ²	50	6	NA
Minor violations corrected	3,900	1,757	2,099
Assurances of voluntary compliance ³	49	16	1

¹ This shows that the Commission has become more selective and has greatly reduced its inspection efforts to a much lower priority.

² The Commission no longer keeps this record.

³ The Commission obviously puts little stock at this point in the assurances of voluntary compliance.

ADMINISTRATIVE LAW JUDGES' CASE WORKLOAD

	Fiscal year —		
	1972	1973	1974
Average total case workload.....	8.5	10.2	12.1
Average number of administrative law judges.....	11	11	10
Average total output/cases disposed of.....	3.6	3.2	4.9
Average hearing days.....	43.2	41.9	62.0

The chief administrative law judge (ALJ) has established management tools to enable him to monitor the work of the ALJs under him, as well as his own cases. Each case on the docket is being tracked through a tickler system in which each milestone is recorded. These milestones include the date the complaint was issued, date motions are to be received, when hearing dates are set, et cetera. A monthly report is published for the use of the Chief ALJ which shows every case on the docket, to whom it is assigned, and the progress of the case by milestones. This enables the chief ALJ to monitor the progress of each case and if necessary, to question the time involved.

The chief ALJ advised the investigative staff that the criticism in the former study concerning a lack of effort on the part of some of the judges was valid and that, since October 1971, eight ALJs have been replaced. He did want to take issue with the use of hearing days as a yardstick for measuring work in a year. He advised it is his opinion that, due to the complexity of the cases and some of the cumbersome rules of procedure, and ALJ can handle only six to eight cases a year. Note, as set forth above, the ALJs are not meeting this standard as their average cases disposed of was only three and two-tenths and four and nine-tenths in fiscal years 1973 and 1974, respectively.

A review of case assignments by the investigative staff indicated an even distribution of cases with the exception, pointed out by the chief ALJ, of the Exxon case, which takes the full effort of one ALJ. Hearing days, according to him, are only a small part of the overall work. He cited the following examples, which he said are typical cases.

In fiscal year 1974, he handled a case entitled Sterling Drug. It took 240 hours of his time and ended in settlement prior to hearings. It took four or five prehear-

ing days for oral motions. The same year he handled a case entitled Bristol-Myers that required 467 hours of his time in reviewing the complaint, reviewing motions from plaintiff and respondent, conducting prehearings, hearings, reviewing transcripts, researching law, and preparing the initial decision which was 87 pages long. This effort, when reflected in hearing days, is but a few.

The investigative staff also looked at the average amount of time it takes a case to flow from the issuance of a part III complaint until the initial decision is reached, or a consent settlement is reached. This number includes only those cases in which the ALJs controlled the flow. It does not include the situations in which the matter was held in obeyance by the U.S. District Court for consideration of a motion to squash. It should be kept in mind that the consent agreement or ALJ order does not become final until approved by the Commission.

	Fiscal year—	
	1972	197
Average time from complaint to consent (in months).....	9.3	10.2
Average time from complaint to initial (judicial) decision (in months).....	14.7	15.6

These statistics indicate that individual cases are currently moving at about the same pace as in fiscal year 1972. The difference is that the ALJ's handle more cases and dispose of more. Of course, these figures do not take into account the relative complexities of the cases in fiscal year 1974 as in fiscal year 1972.

The investigative staff would not suggest, of course, any erosion of the safeguards of due process. However—as mentioned hereinafter on pages 54 thru 63—the rules of procedure could be streamlined; and, even if the ALJ's are now working at full potential, it would follow that their output would increase simply because each case would require less time for completion.

B. Problems Observed in Case Workload

The investigative staff found some problems which are limiting the Commission's ability to handle its preliminary and formal investigations in an effective and timely manner. Specific examples cited below deal primarily with the questionable allocation of Commission resources to antitrust and consumer protection activities and the Commission's crippling rules of procedure.

1. QUESTIONABLE APPROACHES TO ANTITRUST AND CONSUMER PROTECTION ACTIVITIES

In December 1974, the Bureau of National Affairs, Inc., a leading U.S. trade publication on antitrust and trade regulation matters, published the first in a series of articles on the Commission's planning activities, which highlighted the 1976 budget overview prepared by the Commission's Office of Policy Planning and Evaluation (OPPE). [See app. IV on page 257.]

The reporter states that the Commission's chief policy planner—the Director of OPPE—has seriously questioned the Bureau of Competition's approach to antitrust enforcement and recommended major changes in the Consumer Protection Bureau's planned activities. The Director of OPPE also urged the Commission to drop or curtail a number of investigations, place more reliance on market forces as a guarantee of free competition, and pursue only those cases that will produce consumer benefits measurable in dollar-and-cents terms.

OPPE was quoted as making the following comments pertaining to competition and consumer protection activities.

Competition matters

On the subject of the Bureau of Competition's case selection criteria, the following comments by OPPE were noted:

Any correlation between high profits and concentration may be explained by the existence of socially desirable efficiencies. It is hard to see why deconcentration of an industry is sensible if the result is inefficiency and higher prices to consumers. There is no reason to suspect that consumer welfare will be enhanced.

The existence of economic barriers to entry by competitors is a signal to antitrust enforcement agencies to keep their hands off. The likely consequence of intervention is to raise prices. Consumers are not likely to benefit.

The whole theory of potential competition, which has become one of the mainstays of modern antitrust law, is that existing firms will keep their prices down in an attempt to deter the entry of potential competitors. It is not sensible to say that such behavior should be used to provide support for an industry-wide proceeding by the Commission.

Consumer protection matters

The OPPE policy planner criticizes the Bureau's consumer education program in the vocational schools area because the strict disclosure requirements of the program would significantly discourage the dissemination of information about job opportunities available to vocational school graduates. In his opinion, the \$1.8 million slated to be spent on the program in fiscal year 1975-76 should be cut unless a more cost-effective approach to the problems of this industry can be formulated. An alternative solution involves publishing Commission advertisements in the same media employed by vocational schools to alert consumers to the pitfalls of vocational schooling.

In addition, the fiscal year 1976 budget overview raises the following criticisms of the Bureau of Consumer Protection's programs.

Most corporate image advertising is not important to the consumers. The spending of \$48,000 in fiscal year 1976 to police such ads may not be necessary. Also, attempts to restrict corporate advertising might represent a restraint on public speech and a first amendment violation.

The proposed spending of about \$350,000 in fiscal year 1976 to prepare a trade regulation rule that would require the publication of performance output ratings for refrigerators, air-conditioners, dishwashers, washing machines, vacuum cleaners, hair dryers, and soap and detergents is highly questionable. The Commission should make a thorough study before requiring such disclosure since it is unclear that this information would be useful to consumers.

Greater consumer benefits might result if the Commission redirects its funeral industry consumer education program and, instead, proceeds directly against the artificial restraints imposed on the disclosure of funeral prices by State laws and mortician associations' codes of ethics.

Specific recommendations reportedly made in the fiscal year 1976 budget overview are as follows:

The Commission shifts its industrywide enforcement resources away from attacks on vertical integration, as in the Commission's food industry investigations, to the pursuit of price fixing and other more subtle forms of horizontal collusion, such as horizontal mergers.

No additional resources be devoted by the Commission to the vertical integration case against Fruehauf Corp., a trucking firm.

No further resources be expended on a Bureau merger enforcement program directed against separate attempts by Gulf + Western and General Parts Co. to establish chains of auto parts wholesalers to vertically integrate the wholesalers with parts retailers.

The abandonment of investigations of mergers between producers and ready-mix concrete producers, such as Cargill, Inc.'s plans to take over Missouri Portland Cement Co., because the most likely effect of such mergers is to lower cement and concrete prices.

Reappraisal of the Bureau of Consumer Protection's point of sale practices program that requires food stores to refrain from advertising specials unless adequate supplies are in stock.

The \$75,000 proposed for the fiscal year 1976 prescription drug program should be increased.

Total abandonment of consumer protection programs that seek to remedy an imbalance of bargaining power between seller and buyer. Activities such as the creditors' remedies program, the credit billing program, and the unfair adhesion contracts program involve direct intervention into the competitive market and cannot improve consumer welfare.

Initiate new programs aimed at reducing anticompetitive State regulation.

Immense consumer benefits could result from the removal of State laws that regulate the marketing and pricing of fluid milk, and equally significant benefits could be derived from the elimination of State occupational licensing schemes that form professional cartels. To this end, funds should be allocated to the development of a significant program to determine whether State occupational licensing schemes violate section 5 of the Federal Trade Commission Act.

It was reported that the Directors of the Bureaus of Competition and Consumer Protection declined to respond to the criticisms set forth in the fiscal year 1976 budget overview. The Commission Chairman indicated, however, he did not dismiss them. The Chairman was reportedly to have made the following comments:

"His views were taken into consideration.

"It is healthy to have differing perspectives on issues facing the FTC.

"On any of these issues economists disagree.

"What we have here is a situation where we have differing perspectives on some of these issues.

2. THE COMMISSION'S CRIPPLING RULES OF PROCEDURE

In spite of the fact that the Commission is attempting to gain control of case work through policy planning, programmed budgeting, case selection procedures, and case tracking, there are rules of procedure adopted over the years by the Commission which exceed the requirements of due process and, subsequently, cause frustrating delays to the Commission staff. It was the observation of the investigative staff throughout the interviews of regional staff attorneys and regional management staff, as well as headquarters management staffs, that their complaints of the cumbersome requirements of the Commission's rules of practice were motivated by their desire to make the Commission a more responsive and effective law-enforcement agency. The rules have received considerable review by the Bureau Directors, the General Counsel, the chief administrative law judges, and/or their staffs, all of whom recommended adoption of the following changes to the Commission:

a. *Elimination of part II complaints*

The first of these requested rule changes went to the chairman on January 30, 1974, on the recommendation of the chief administrative law judge, the General Counsel, and both Bureau Directors. Specifically, they requested that part II complaints be eliminated and the staff be allowed more aggressive settlement powers under section 2.14.

Under current procedures, respondents have three separate and distinct opportunities to negotiate settlements. These three opportunities also afford them time to delay proceedings. The first comes during the investigation under rule 2.14 when the staff, on their own initiative, can negotiate for a settlement; the second, after a part II complaint; and the third after a part III complaint. During part II proceedings, the respondent is sent a copy of the proposed complaint and asked if he will consent to the stipulation of the complaint before the Commission issues the complaint.

The following is a summation of the General Counsel's argument for the elimination of part II and change in rule 2.14:

"In large part, expeditiousness or delay is a function of respondent's good faith. However, it may also be a function of respondent's recognition that the staff does not always speak for the Commission. Thus, the respondent may invoke the opportunity of rule 2.14 merely to test the staff; and after the staff has indicated the type of relief it wants, the respondent may withdraw in the expectation that: First, the Commission may not be willing to demand as much; and second, the respondent will have another free bite at the apple after the part II complaint issues. In short, the part II complaint procedure discourages respondents to some (unascertainable) extent from engaging in meaningful negotiations under rule 2.14. Clearly, there is some duplication and overlap.

"There is also some overlap between negotiations before and after issuance of a part III complaint. One can at least wonder whether there are any additional incentives to settle in part II than in part III. In both cases, the Commission has approved a form of order, and in both cases the adverse publicity has already issued. The prospect of settlement would seem to depend more upon factors not involving distinctions between these procedures such as economic and business factors, projected costs of litigation, probability of ultimate success, etc. Again, there is overlap and duplication.

Mixture of functions.—Purists and others complain that it is unfair or unseemly for the Commission to direct issuance of a complaint and subsequently sit in judgment over its resolution. The short and complete answer to this concern is that the Commission is not a court, and the mixture of these functions was thoroughly contemplated by Congress.

"Elimination of part II proposed complaint procedures (rules 2.31-2.35).—We are all agreed that the part II settlement procedures should be eliminated. This recommendation is based on the unnecessary overlap with rule 2.14 negotiations on the one hand and part III negotiations on the other. The inevitable result of this overlap is unnecessary delay.

"In reaching this conclusion, we considered several potential negative aspects. Thus we noted that respondents often do not take the staff very seriously until the Commission itself has approved a proposed order. Stated otherwise, staff has not had sufficient 'clout' to assure meaningful rule 2.14 negotiations. As indicated above, however, the present situation may well be the result of respondent's recognition that he has another and later free bite at the apple.

"To compensate for the elimination of part II proposed complaint procedures, some changes would be made in procedures relating to rule 2.14 negotiations. First, staff would be encouraged to utilize 2.14. At present, the rule contemplates respondent taking the initiative; under the new procedure staff would usually prepare and propose such settlements if respondent did not do so. All such staff proposals, however, would be approved by the Bureau directors. In this way, they would have that much additional clout leading to more serious negotiations. In addition, there would be systematic, high level policy review, also with the effect of enhancing the meaningfulness of the negotiations. There would not be any publicity in connection with proposed complaints prepared by staff."

The chief administrative law judge advised that the requirement of part II complaints takes an average of 4 months and, in effect, almost never results in a consent before part III is invoked and the complaint is actually issued.

b. Need to return to the standard of "Reason to Believe"

The second of the requested rule changes was submitted by the Rules Committee to the Commission Chairman on July 26, 1974. This concerned prolonged investigations required to comply with chapter 3.21 of the operating manual. Succinctly, this is the Commission's requirement of its staff that it not bring a complaint unless it has evidence sufficient to prove a *prima facie* case as to all allegations and every party and as to the full scope of relief sought.

The Rules Committee's argument for changes was stated as follows:

"One of the most frustrating areas of delay in Commission matters lies in long drawn-out investigations conducted by the staff prior to recommending complaints. More often than not investigations take a year or more, and 2- and 3-year investigations are not unheard of, especially in the restraint-of-trade field.

"Major responsibility for time lost from many prolonged investigations before enforcement action can be recommended lies in the Commission's own internal requirements. (The Commission's Operating Manual, ch. 3.21, sec. B.) In practice the foregoing requirement means that before a complaint may be recommended to the Commission, complaint counsel must have all the evidence to prove their case except what may be needed to 'round out, expand or supply' further details for the particular transactions to be pursued, or to meet unexpected developments arising during pretrial or trial.

"The requirements of chapter 3.21 of the manual arose from a revision of the Commission's rules in early 1961. For many years prior thereto, hearings on the Commission's cases had been conducted at intervals, often in different places depending on the location of witnesses. In 1961, the Commission determined to insist on 'continuous hearings' in one place 'without suspension until concluded.' The purpose of this change was to promote expedition. As a corollary it was determined to require complaint counsel to be in possession of all the evidence needed; that is, to be fully 'ready for trial' before recommending a complaint. Such requirement was made a part of internal Commission directives.

"The expedition hoped for from continuous hearings in one place and the requirement that complaint counsel have all the evidence before recommending a complaint, however, did not occur. Indeed, the requirement for continuous hearings was often seized upon by firms being proceeded against as a justification for forcing long and drawn out pretrial preparations on the ground that trial preparations to the last detail had to be accomplished before continuous hearings could be commenced. Likewise, the requirement that complaint counsel have all his evidence, 'his ducks in a row,' prior to recommending a complaint to the Commission instead of expediting proceedings, resulted, as already stated, in prolonged

investigations and frustrating delay before the staff could recommend enforcement action.

"Not only has the internal, self-imposed requirement of chapter 3.21, section B, caused frustrating delay over the years in the staff's ability to move rapidly in its recommendations to the Commission regarding apparent law violations, but it is now injecting problems into adjudicated cases where the urgency of the situation has caused the Commission to act speedily.

"The Commission has imposed upon its staff, and in effect upon itself, a predicate for enforcement action which in practice tends to tie its own hands and to render it sluggish and 'musclebound' in reacting to apparent law violations, which is unnecessary, and which abrogates the statutory standard for Commission action based on 'reason to believe.' This is not to mention the waste of money, time and energy in gathering all evidence where cases are settled or where the Commission disapproves the recommended complaint and does not issue it. The inhibiting effect in speedy Commission action and productivity of the staff resulting from the foregoing internal requirements is most serious.

"In sum, not only does this requirement have the adverse effects outlined in the preceding paragraph, but incorporates as an internal procedure an erroneous legal standard for Commission action. The Commission not only requires reason to believe a violation has occurred, but in addition requires as a precondition for considering a complaint recommendation that the staff have in its possession all the evidence needed to prove the violation.

"The operating manual should provide for the recommendation of enforcement action to the Commission when the staff can supply factual information sufficient to permit the Commission to determine that there is 'reason to believe' that unfair methods of competition or unfair or deceptive acts or practices are being utilized in commerce or any law which the Commission has responsibility for enforcing is being violated.

"From the Commission's standpoint, once factual information constituting 'reason to believe' has been provided, the most important considerations in deciding whether a complaint should issue would seem to consist of 'policy planning factors.'

"Rather than monitoring whether the staff has all the evidence needed to prove the allegations of a proposed complaint, the Commission should be given full 'public interest' information by the staff enabling it to focus on the benefit of the case to the public or particular segments of the public, the cost to the Commission of the case and the commitment of resources required, probable deterrent or precedential effects, alternative enforcement options, and other considerations bearing on whether policy planning and public interest considerations warrant bringing the case in the first place, not on whether the staff has all the evidence needed to prove the case."

Once factual information has been submitted from which the Commission can determine there is reason to believe the law has been violated, the completion of trial preparations through part III discovery under the control of an administrative law judge may have significant advantages over that conducted through a continuation of the normal investigational process. There is a natural tendency on the part of trial counsel in advance of complaint recommendation to seek far more material than may actually be needed. The discipline imparted by adjudication and the existence of a complaint can be expected to reduce substantially the scope and breath of the evidence sought by complaint counsel and therefore the time required.

c. Need for changes in the rules of discovery

The third change concerns the Commission's rules of discovery and the need for change as proposed in the motion of the complaint counsel for major integrated procedural relief in the matter of Exxon Corp., et al., dated October 18, 1974. In effect, the Bureau of Competition staff requested that rules 26 through 37 of the Federal Rules of Civil Procedure, with minor procedural adjustments, be adopted by the Commission to promulgate thorough, efficient, and fair rules of discovery.

The crux of the problem, as stated by Commission officials, is that the discovery provisions of the rules of practice are woefully inadequate in the context of this extremely broad and complex litigation. Although there are a multitude of deficiencies in the discovery provisions, their primary failings may be classified into two categories: (1) Provisions in the rules that require burdensome, un-

necessary procedures and that lead in almost every case to time-consuming litigation, and (2) provisions that wrest control over discovery from the adversary seeking it, ceding substantial power over the course and conduct of discovery to the administrative law judge and, indeed, to the opposing party. These problems and their vast implications in complex and bitterly contested cases can only defeat meaningful discovery and, according to Bureau of Competition officials, must be resolved forthwith.

d. Need for changes in the motions to quash

The fourth and final change deals with the need to simplify procedures and eliminate delay in ruling on motions to limit or quash investigational subpoenas. According to Commission personnel, the following is a typical example of the procedure when a motion to limit or quash the investigational subpoena is received by the secretary:

"It is forwarded by the secretary to the General Counsel where it is assigned to an attorney in the Division of Legal Services for handling. This attorney, of course, usually knows nothing of the particular matter involved or the investigation. Meanwhile, the bureau or regional office attorney conducting the investigation commences the preparation of a memorandum for approval by his director summarizing the matters in issue and giving his reason why the motion should or should not be opened.

"The attorney in the Office of General Counsel awaits receipt of the memorandum from the bureau or regional office. After review by the director (and possibly his assistant or assistants) has been completed, the attorney in the Office of General Counsel prepares an advisory memorandum to the Commission reviewing the subpoena and the specifications contained therein, the arguments of counsel for respondent under investigation contained in the memorandum accompanying the motion to limit or quash, and the bureau or regional office director's answering arguments. When this memorandum is prepared, it is submitted to the Assistant General Counsel for Legal Services. After review is completed at this level and revisions, if any, are accomplished, it is forwarded to the General Counsel for further review and, if it passes muster, the memorandum is sent to the Commission, where the staff of the particular Commissioner handling the matter again reviews all the papers and makes an appropriate recommendation to the Commission. The entire process typically now takes 2 to 4 months and not infrequently considerably longer.

"These judicialized and time-consuming internal procedures seem particularly inappropriate for handling investigational subpoenas. The power of the Commission to subpoena documents in the course of an investigation is a broad one. It is sufficient that the inquiry be within the Commission's authority, that the demand be not too indefinite, and that the documents sought be reasonably relevant.

"The result is to provide a readymade means by which any respondent under investigation can obtain very substantial delay. The procedures, moreover, fritter away valuable staff time in extensive memorandum writing which is largely unnecessary for disposing of most motions to limit or quash."

The investigative staff found that the rules committee requested on July 15, 1974, that this rule be altered to permit the attorney to submit the memorandum directly to the Commission, thereby eliminating the unnecessary levels of review in the Office of General Counsel and the office of the particular Commissioner handling the matter. As of December 1974, action was still pending before the Commission on this proposal.

A particularly gross example of the handling of compulsory process in a consumer protection case involving a financial promoter was provided by one of the Commissioners and is set forth below:

Chronology

- 1968 or 1969—Chusid first comes under investigation for its employment practices (a memorandum of April 1973 refers to Commission activity for a period of about 4 years).
- 1970—Chusid refuses to cooperate with the Commission's preliminary investigation.
- January 22, 1973—The Commission authorizes an investigation and compulsory process.
- February 13, 1973—A subpoena duces tecum is issued directing the production of certain documents.

February 26, 1973—Chusid files a motion to quash the subpoena.

April 20, 1973—The General Counsel recommends denial of the motion to quash.

May 22, 1973—The Commission denies the motion to quash.

May 25, 1973—The Commission writes to Chusid's lawyer, directing him to provide the documents requested within 5 days.

September 5, 1973—Since Chusid has not complied with the Commission directive, the General Counsel's office recommends judicial enforcement of the subpoena.

September 20, 1973—The Commission authorizes judicial enforcement.

January 8, 1974—Motion for judicial enforcement of subpoena filed.

March 28, 1974—Commission motion is denied by the district court on the grounds that the Commission directive of May 25 did not comply with certain rules of the Commission (the letter was directed to Chusid's attorney, not Chusid, and no date was set for return pursuant to the subpoena).

March 28, 1974—Commission staff issues a new subpoena duces tecum identical to subpoena issued February 13, 1973.

April 8, 1974—Chusid files a new motion to quash, substantially the same in 13 of the 14 grounds stated therein to the motion it had filed in February of 1973.

April 30, 1974—The General Counsel's office recommends denial of the motion to quash.

May 13, 1974—The Commission denies the motion to quash.

As of December 31, 1974, there was no further action and this matter remained unresolved.

C. Conclusions and Suggestions for Improvement

The investigative staff believes the value of work performed by the Commission cannot be judged solely on the number of cases initiated, in process, or completed. Neither can it be judged by the amount of Commission resources devoted to the various programs and/or activities. It recognizes that current work-in-process may be highly significant and more complex than cases previously undertaken by the Commission.

However, in view of the absence of sufficient criteria to evaluate performance, the investigative staff could not express any opinions as to the true value of the casework being performed. Evaluation should be a high-priority matter requiring the immediate attention of top management so that the Commission will have a basis for selecting the cases with the greatest potential value to pursue.

In addition, there is a need for an effective information system to accurately report on the status of casework load together with the amount of Commission resources devoted to each investigation. The investigative staff is aware that the case/project case tracking and status system is in final development and should provide this information.

It is also the investigative staff's belief that the Commission's rules of procedure are cumbersome and cause unwarranted frustrations among the professional staff and unnecessary delays in processing the individual investigations.

Therefore, with the view of improving its effectiveness and efficiency, the Commission should (1) develop and implement evaluation criteria for case selection, and (2) amend the rules of procedure to eliminate unwarranted periods of delay and unnecessary layers of review.

VIII. ANALYSIS OF PERSONNEL SUPPORT COSTS

A review of a selected number of personnel support categories showed that Commission officials were not exercising prudent financial controls over the expenditure of Commission funds during a period of severe budgetary restraints. As a result, questionable expenditures were made in some categories, such as equipment and postage; while other categories, such as travel, stenographic reporting, and staff training, suffered from the lack of sufficient funds.

A. Need for Better Management of and Control over Nonexpendable Personal Property

The management of Government-owned property by the Commission has been found to be seriously deficient. Improvements are urgently needed in the following areas: Financial control over nonexpendable personal property, physical inventory taking, property recordkeeping, and the identification and disposition of excess property.

The importance of adequate property accounting by Federal agencies has been specifically recognized by the Congress by its enactment into law of definite requirements in order to provide an economical and efficient system for the procurement, utilization, disposal, and records management of personal property.

The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) provides that each executive agency shall maintain adequate inventory controls and accountability systems for the property under its control, continuously survey property under its control to determine which is excess property, and transfer or dispose of such property as possible.

According to the Commission's administrative manual, annual physical inventories are to be taken by the Division of Administrative Services for the purposes of establishing true balances and determining the total dollar value. This procedure, however, has not been adhered to.

The following are examples of the Commission's lack of adequate inventory control.

1. INABILITY TO PROVIDE CURRENT LISTING OF PROPERTY INVENTORY

On August 30, 1974, an employee of the Division of Administrative Services told the investigative staff that an inventory of the Commission's property, which consists of 2 categories—office equipment, and furniture and fixtures—had not been taken since July 1, 1971. As a result of this disclosure, a request was made by the investigative staff on August 30, 1974, for a current listing of items for both inventory categories. The office equipment listing, totaling a little over \$1 million, was provided on September 19, 1974. However, the furniture and fixture listing is in such a mess that Commission officials, as of November 15, 1974, were unable to determine the true value of the inventory. They believed the value to be between \$3 and \$5 million but said a reliable figure would hopefully be available around the end of the year.

2. EXISTENCE OF EXCESS EQUIPMENT

An analysis of the office equipment inventory revealed that, in some equipment categories, the Commission may have equipment which is excess to its needs. For example, the following schedule shows that the ratio of typewriters is approximately two typewriters for each support and clerical personnel. Also, it is almost 1½ to 1 if compared to the professional staff. Although the overall ratios do not appear to be out of line for dictators and calculators, there are some regional offices such as Boston, Cleveland, Dallas, Los Angeles, and Seattle which appear to be in an excess position.

Location	Assigned personnel as of Sept. 30, 1974				Number of—	
	Professionals	Clerical	Nonprofessional	Typewriters	Dictators	Calculators
Headquarters.....	603	490	88	856	371	181
Regional offices:						
Atlanta.....	28	11	—	26	7	9
Boston.....	20	8	—	15	26	2
Chicago.....	30	10	—	30	1	10
Cleveland.....	14	7	—	16	17	10
Dallas.....	25	11	—	27	23	14
Kansas City.....	21	7	—	19	14	4
Los Angeles.....	36	13	—	15	40	8
New York.....	62	30	—	66	9	8
San Francisco.....	39	7	—	19	8	10
Seattle.....	21	7	—	13	28	2
Washington, D.C.....	33	12	—	46	24	12
Total regional offices.....	320	123	—	292	197	89
Total.....	923	613	88	1,148	568	270

3. LACK OF CONTROL OVER REGIONAL OFFICE PROPERTY

The controls exercised over nonexpendable property by the six regional offices visited by the investigative staff were almost nonexistent. No physical inventories have been taken at any of these offices for the last 3 years. Moreover, the

regional directors have not published any instructions relative to the receipt, control, and ultimate disposition of the nonexpendable property for which they are held accountable.

At each of the six offices, the investigative staff made a spot check of the office equipment inventory, which consisted primarily of typewriters, calculators, and dictating and transcribing machines. The quantities on hand were compared against a computerized office machine inventory listing provided by the Division of Administrative Services. The results were as follows:

Location	Missing equipment	Equipment on hand in regional office not recorded on headquarters records	Equipment considered excess	Equipment recorded by headquarters but transferred to other agencies
Seattle.....	\$886.89	\$3,833.70	\$3,951.50	\$423
Cleveland.....	2,311.85	415.00		
Dallas.....	7,416.12		2,487.25	799
Los Angeles.....	211.50	1,512.00		
San Francisco.....	1,713.20	692.55		
Total.....	12,539.56	6,453.25	6,438.75	1,222

In addition, discrepancies were noted between the unit prices shown on the regional office purchase orders and those shown on the headquarters computerized listing, another indication of the unreliability of the total inventory dollar values.

Regional office personnel generally expressed an unawareness of their specific responsibilities in this area. They indicated this was the headquarters responsibility and that they had not been instructed to maintain property records or to take the annual inventories.

The investigative staff observes the lack of firm accounting procedures for property can only cause a waste of Government funds and creates a situation where instances of fraud or theft may even go undetected. As shown in the above chart, the spot check conducted at the five offices showed equipment valued at \$12,539.56 to be missing.

4. LOSS OF RENTAL CREDITS

The Commission, in its haste to dispose of the Burroughs B-283 computer system, lost approximately \$76,000 in rental credits which had accrued on 4 Model B-421 magnetic tape drives. GSA Federal Procurement Management Regulation 101-32,4702 requires agencies to give 90 days' advance notification in order to allow GSA time to inform other Federal agencies of excess equipment availability.

In this instance, the Commission did not provide GSA sufficient notification to screen the equipment. This resulted in the loss of \$18,900 for each of the 4 leased tape drives, which represents a loss of over 50 percent.

The investigative staff questions the wisdom of the Commission's disposal of this computer system without first properly considering all alternatives. In view of residual values associated with owned equipment and actual rental credits which could have been applied toward purchase, the upgrading of in-house computer capability was a viable alternative.

5. PROCUREMENT OF NEW EQUIPMENT

During the past 2 fiscal years, 1973-74, the Commission has spent approximately \$827,000 for the procurement of office equipment and furnishings. In addition, it plans to spend an estimated \$392,000 in fiscal year 1975.

The lack of proper inventory controls raises a question as to the practice of procuring new items without first knowing whether the item is actually needed or that the requirement can be filled from existing inventory.

These deficiencies were discussed with the responsible Commission officials in Washington and the regional offices. They agreed that property management has not received the attention it should have, because it is extremely time consuming and costly to conduct a Commission-wide inventory. In their opinion, the Commission has higher priorities which demand these resources. However, they said steps have been taken to (a) revise the procedures governing property management and (b) initiate a Commission-wide inventory before the end of 1974 and to reconcile any differences noted in the property records.

B. Failure to Realize Savings in Postage Costs

In October 1973, an internal Commission study on mailing costs showed that approximately \$90,000 could be saved if the Commission would mail its news releases at the third-class postal rate (5¢) rather than the first-class rate (8¢). Using the current mailing rates, the estimated savings would be increased to \$111,500.

The investigative staff found that the Commission has not realized any part of this estimated savings due to its failure to obtain a third-class postal mailing permit.

C. Questionable Uses of Travel Funds

In the interest of economy and monetary restraints, the investigative staff found the following examples wherein the use of travel funds is questionable.

1. EXPENSES OF GENERAL COUNSEL ATTORNEYS TO HANDLE REGIONAL OFFICE MATTERS IN FEDERAL COURTS

It is the Commission's policy that the General Counsel's (GC) office represent the Commission in all its appearances in Federal court whether it be for civil trial, subpoena enforcement, hearings, or efforts to obtain an injunction. Apparently, it is the thinking of the Commission that the GC's office has the expertise in Federal court to work and that the Commission gets the best and most consistent representation from the GC.

The investigative staff can understand this in cases of complexity or where a new law is being sought; however, it questions the need for an attorney to travel to Seattle, Los Angeles, Kansas City, or Atlanta to handle a case where subpoena enforcement or injunctive relief is being sought. During its visits to the regional offices, the investigative staff found only one office with no attorneys having Federal court experience.

First of all, the GC's staff appearance requires in and of itself a duplication of effort, because the GC attorney must become familiar with a case already prepared by another staff attorney. Second, if the injunction or subpoena enforcement being sought was generated by a regional office, then the GC attorney must travel from Washington, D.C., to that office, an added expense to the Commission. Third, the GC attorney may be unfamiliar with the particular local rules of that Federal jurisdiction and may suffer from the subjective outsider treatment of the local judge.

Also, the GC attorney may not have the experience or ability of the regional or Bureau attorney, and a serious morale problem will ensue when the staff attorney has to be the "bridesmaid but never the bride."

It was not possible to determine the time loss from this duplication of effort; however, the records do disclose that the office has spent more than \$19,000 in the past 16 months for court-related travel on regional matters. The following list shows only those matters in excess of \$500.

Location	Date	Travel cost	Reason
Seattle, Wash.....	Mar. 20-22, 1974.....	\$843.02	Show cause, Chuck O/S on Chevrolet.
Do.....	Sept. 5-7, 1973.....	801.25	Oral argument, Rodgers.
Denver, Colo.....	Mar. 16-21, 1974.....	678.04	Oral argument, Coors Beer.
San Francisco, Calif.....	Sept. 9-15, 1974; Sept. 18-20, 1974.....	1,497.69	Hearing, California Milk Producers.
Chicago, Ill.....	July 2-3, 1974; July 9-12, 1974; July 14-15, 1974; July 18-22, 1974.....	1,103.33	Borden, Inc., injunction hearing, deposition.
Seattle, Wash.....	Jan. 8-11, 1974; Jan. 23-26, 1974.....	1,333.09	File injunction, Travel King.
Chicago, Ill.....	Aug. 1, 1974; Aug. 28-29, 1974; Oct. 10-11, 1974.....	853.56	Injunction hearing, NCEN.
Seattle, Wash.....	Jan. 30-Feb. 1, 1974.....	833.53	Show cause, Mayday Co.
New York, N.Y.....	Mar. 7-8, 1974; May 15-16, 1974; May 27-28, 1974; Sept. 8-9, 1974.....	799.39	Mobil Oil Corp., file documents, hearings.
San Francisco, Calif.....	Sept. 9-24, 1974.....	643.48	Hearing, Checker Motors.
Minneapolis, Minn.....	Sept. 15-17, 1974.....	639.24	Hearing, Control Data.
Atlanta, Ga.....	Nov. 25-27, 1973.....	541.16	Frozen Food Forum, Inc., hearing, file documents.

Once again, the investigative staff can understand General Counsel help being used in complex and difficult legal matters; however, injunctive relief, hearings, and subpoena enforcement are not often in that category.

2. EXPENSES OF HEADQUARTERS PERSONNEL TO RECRUIT LAW SCHOOL SENIORS

Although the investigative staff understands the Commission's wishes to recruit the best possible talent from law schools and the feeling that Commission executives may make the best impressions, it nevertheless questions the use of over \$12,000 during October 1973 through November 1974 for the recruiting of law school seniors, which could and presumably should have been handled by the regional directors or members of their staffs.

During school year 1973-74, 26 headquarters personnel, including many lower level executives, visited 21 law schools. The figures, as of November 1974, for school year 1974-75 show 22 headquarters personnel visiting 23 law schools.

D. Improvements Needed in the Allocation and Use of Training Funds

The training and development efforts put forth by the Commission's personnel division during the past 2 fiscal years have been hindered by the withdrawal of funds initially budgeted for this purpose. Although approximately \$400,000 was budgeted for the training and development of Commission employees in fiscal years 1973 and 1974, only \$145,000, a little over 36 percent, was spent for this purpose. Although the difference of \$255,000 could not be reconciled, it presumably was used for other priority programs which may have exceeded their initial budgeted amounts.

The following schedule shows the amounts budgeted and expended for training purposes by the personnel division for fiscal years 1973 through 1975.

Program	Fiscal year 1973		Fiscal year 1974		Fiscal year 1975 budgeted amount
	Budgeted amount	Actual	Budgeted amount	Actual	
Executive management.....	\$6,936		\$4,740		\$21,000
Legal/professional.....			24,000		18,000
Upward mobility.....	1,797		4,007		15,000
Clerical training.....					4,000
Tuition assistance.....	61,435		42,178		42,000
Total.....	300,000	70,168	100,000	74,925	100,000

Recognizing that some progress has been made in the training area; namely, in the initiation of the executive training program, the legal training program, and the upward mobility program, it is still very limited in light of the overall training needs of the Commission. [See p. 235 concerning the inadequate training programs in the regional offices.]

E. Problems Encountered With Stenographic Reporting Services

Public Law 92-463, passed October 6, 1972, requires advisory committees and Federal agencies to make copies of transcripts of their proceedings available to any person at the cost of duplication. Previously, private stenographic reporting companies were allowed to sell copies of these transcripts to the public at a profit. The firms apparently were making most of their profit in that manner because the cost of stenographic reporting has tripled for the Commission as well as other Federal agencies. The Commission spent \$111,600 for stenographic reporting in fiscal year 1973 but spent \$329,000 in fiscal year 1974. The Commission currently has a contract with Alderson Reporting Co., which handles recording work for both headquarters and the regions. Obviously, this increased cost could not be adequately budgeted for in fiscal year 1975, as the fiscal year 1975 budget was prepared at the beginning of fiscal year 1974 just when costs began to soar.

A chronic complaint from both the Bureau staffs and the regional offices was that their stenographic reporting budgets are woefully inadequate to carry on their law enforcement functions.

For example, the Bureau of Competition has \$225,000 for stenographic reporting for fiscal year 1975 and the Bureau of Consumer Protection has \$120,000. Both administrators in the Bureaus, who are responsible for monitoring stenographic expenses, advised that the money available for stenographic reporting is ample now; but, if expected litigation materializes, it most likely will be insufficient in the fourth quarter of fiscal year 1975. They advised it is impossible to predetermine litigative expenses accurately; however, the management analysis of stenographic reporting by the division of management determined that the average number of pages per witness/event per 7-digit investigational hearing is 86.48. At \$1.60 a page, this would mean an average cost of \$138.39 per witness/event. For example, if this were related to the money allocated to the Cleveland regional office one is talking about 14.44 witnesses/events for the year. The study also showed that the average number of pages transcribed per litigated case was 821.43. At \$1.60 a page, the average case would cost \$1,318.27 in stenographic reporting fees.

Because of this astonishing increase in stenographic reporting, the Commission's management division undertook an analysis of the problem. The study concluded that if accelerated daily and rush copies are held to 5 percent of the total copy, the current contract would be more economical than producing in-house transcript. The chief administrative law judge advised the investigative staff that he immediately directed that his staff comply with this request and that he monitors the costs to insure that any deviation is justified.

In interviews with staff attorneys, two areas of potential stenographic reporting cost savings have emerged. First, it is the practice within the Commission to have transcripts made of all testimony taken during investigative hearings while, actually, only a portion of the testimony is necessary or even relevant for use later in the administrative hearing or civil proceeding.

It seems feasible to the investigative staff that, since transcription costs run from \$1.60 to \$10.50 a page, depending on the speed of return, any reasonable reduction in transcripts by staff decision of investigative hearings should be taken. (It should be noted that the contractor reduced his ordinary copy from \$2.50 to \$1.60 a page when he discovered the Commission was considering in-house capability.) Second, the regional directors, since they are now responsible for their own budget control, including stenographic reporting, have indicated a desire to have the opportunity to shop around for their own stenographic reporters. They feel they can get the service at a cheaper price than through the nationally contracted firm. The investigative staff believes the regional offices should be given the opportunity to procure their own services.

F. Inefficient Headquarters Office Space

During the fiscal year 1975 House Appropriations Subcommittee hearings, the executive director advised:

"Our major problem with respect to office space is that we operate in Washington from five separate buildings. Present office space is inadequate for several reasons. Headquarters building has fixed partitions and cannot be ideally separated into adequate work areas on an optimum space utilization basis. Professional staff must share fixed sized rooms that often must be used to conduct interviews on legal matters that are not only disruptive to other staff but would ideally be conducted in greater privacy."

"Auxiliary facilities in all buildings such as hearing rooms, conference rooms, library and legal research facilities are inadequate to serve the present professional staff. These factors exist in addition to the time consuming requirement for many of the staff to travel between five buildings in the Washington area to make necessary staff contacts or search relevant materials."

In the opinion of the investigative staff, the comments of the executive director accurately describe the present situation.

An inspection of the five buildings revealed that they are spread from 21st and L NW., to Seventh and Pennsylvania NW., precipitating a consistent staff complaint that travel between buildings for conferences and research causes excessive unproductive time. Within the four outlying buildings, the organizational units are broken into fragmented groups on various floors. Two of the four buildings are without guard service.

The investigative staff's general impression of the buildings is that they are crowded. Many of the offices do not provide suitable decor for personnel dealing

with the general public. The spaces appear antiquated and cluttered, generally giving the impression of disorganization and inefficiency.

Conversations with appropriate Commission administrative services personnel, as well as the executive director, indicated a genuine effort to work out a solution with GSA. Unfortunately, there seems to be no solution on the horizon.

G. Conclusion and Suggestions for Improvement

Based upon the information obtained during its investigation, the investigative staff believes that the current controls exercised by Commission personnel over the management of some personnel support categories are inadequate.

In order to correct these inadequacies, it is suggested that the following actions be taken by the Commission chairman:

(1) Revise and enforce the Commission's property accountability procedures. In addition, a property inventory should be taken immediately to establish the validity and reliability of the property records and reports and identify whether serious losses have, in fact, occurred. Also, the regional directors should be required to: (a), maintain appropriate property records; (b) perform annual inventories; and (c), report the results of such inventories to the responsible headquarters office. Finally, new purchase requests should be scrutinized carefully to assure that the items being requested are actually needed and that they cannot be met with items from existing inventory stocks.

(2) Initiate proper action to immediately realize the \$111,500 estimated savings in postal mailing rates of news releases. Such savings should help alleviate the shortage of funds for the stenographic reporting services.

(3) Discontinue, except in special situations, the current practice of using headquarters personnel to handle all regional office matters in Federal courts and to recruit law school seniors, as the funds can be better used in the Commission's investigative operations. Use of the regional directors or members of their staffs for these purposes is the proper alternative unless there are unusual circumstances.

(4) Initiate proper controls to assure that funds allotted for training are, in fact, used for these purposes and not diverted to other uses.

IX. OBSERVATIONS OF REGIONAL OFFICE OPERATIONS

A. Background

The Commission currently maintains 11 regional offices and 8 field stations in major metropolitan areas throughout the country. Current plans call for the closing of all the field stations, with the possible exception of Hawaii, as they are considered by the Commission to be unproductive. They are mostly one-man operations. The regional offices have responsibility for investigating violations of the laws enforced by the Commission; conducting public and investigational hearings; preparing and recommending complaints and orders; conducting negotiations to obtain consent decrees; litigating cases developed by or assigned to them where consent negotiations cannot result in a decree adequate to protect the public interest; conducting compliance investigations of final orders arising from their own offices, as well as from headquarters; performing consumer education functions; and engaging in Federal-State liaison.

The administration of the regional offices is under the management of the assistant executive director for regional operations who is responsible for supervising overall regional activities and is accountable to the Commission through the executive director. It is his duty to see that the regional office activities conform to Commission and bureau policies. In the implementation of these policies, it is necessary for the regional offices to obtain the approval of either the Bureau of Consumer Protection or the Bureau of Competition before initiating formal investigations. This procedure is required in order to maintain consistent law enforcement policies throughout the Commission.

The regional director is responsible and accountable for the activities of his office. In recent years, there has been an increasing delegation of authority in opening preliminary investigations and in the management of regional office resources. In addition, the regional director is responsible for personnel and travel budgets, terminations, disciplinary actions, and promotions. (The latter three are subject to approval by the appropriate headquarters office.)

FEDERAL TRADE COMMISSION REGIONAL OFFICE AREAS



The following schedule shows the number of personnel assigned to the regional offices and field stations, together with their respective operating costs for fiscal years 1973 through 1975.

Regional/field offices	Personnel assigned (fiscal year)			Operating costs (fiscal year)		
	1973 (actual)	1974 (actual)	1975 (estimated) ¹	1973 (actual)	1974 (actual)	1975 (estimated) ¹
Atlanta.....	31	36	36	\$616,098	\$715,916	\$814,246
Boston.....	31	28	28	460,880	573,419	568,402
Chicago.....	35	39	40	634,302	759,105	907,402
Cleveland.....	29	23	21	401,812	455,952	616,362
Dallas.....	25	26	28	397,616	497,445	541,328
Kansas City.....	23	25	28	408,264	492,008	476,451
Los Angeles.....	48	50	49	716,945	914,663	886,537
New Orleans.....	9	9	8	193,512	187,447	184,418
New York.....	98	93	92	1,510,129	1,670,261	1,754,221
San Francisco.....	39	38	37	623,759	755,585	855,198
Seattle.....	34	30	28	545,097	568,188	578,090
Washington, D.C.	45	39	45	661,459	714,092	924,126
Total, regional offices.....	447	436	440	7,169,873	8,304,181	9,206,781
Buffalo.....	2	-----	-----	18,390	16,760	-----
Charlotte.....	1	1	1	16,853	17,814	-----
Denver.....	1	1	1	19,813	-----	-----
Detroit.....	1	-----	-----	21,806	-----	-----
Honolulu.....	2	2	1	37,744	38,531	-----
Miami.....	1	1	1	21,844	23,480	-----
Oak Ridge.....	1	1	1	17,386	19,367	-----
Philadelphia.....	3	3	3	46,151	51,519	-----
Phoenix.....	1	1	-----	19,865	6,012	-----
Portland.....	1	-----	-----	9,022	-----	-----
San Antonio.....	2	2	2	35,913	37,436	-----
San Diego.....	1	-----	1	21,900	-----	-----
St. Louis.....	1	1	1	270	1,144	-----
Total, field offices.....	18	13	10	286,957	212,063	-----
Total, regional and field offices..	465	449	450	7,456,830	8,516,244	9,206,781

¹ Figures as of Sept. 9, 1974.

² Considered to be a field office in fiscal years 1974 and 1975 under the jurisdiction of the Dallas regional office.

B. Prior Reviews

Since 1970, the regional office operations have been reviewed by (1) the Bureau of the Budget—subsequently renamed Office of Management and Budget, (2) the investigative staff of the House Committee on Appropriations, (3) the Commission's Assistant Executive Director for Regional Operations, and (4) the Commission's Division of Management. Highlights of each of these reports as they pertain to the regional office operations are as follows:

"BUREAU OF THE BUDGET REPORT, JANUARY 1970"

"Field staff composed of attorneys is limited to investigation work. Unbelievable delays in the work of the Commission and demoralization of field attorneys are due to: (1) lack of authority in the field, (2) prohibition against either initiation of cases or trial of cases in the field, (3) lack of subpoena power in the field, and (4) excessive number of levels of review both in the field and at headquarters.

"THE INVESTIGATIVE STAFF OF THE HOUSE COMMITTEE ON APPROPRIATIONS' REPORT, MARCH 1972"

"Field office investigations are hampered by needing authority from headquarters. There is also a lack of instruction to field personnel on the limits of their authority in regional matters. The field offices lack skilled personnel.

"The distinction between national and regional matters seems to be a direct result of headquarters desire to curb regional office authority.

"There is a lack of equitable geographic coverage by field offices.

"It is inefficient to have attorneys assigned to headquarters but travel in the field.

"ASSISTANT EXECUTIVE DIRECTOR FOR REGIONAL OPERATIONS' REPORT, DECEMBER 1973"

"The lack of defined roles for regional offices in unprogrammed and in most programmed areas.

"Duplicative and cumbersome review procedures in regional headquarters, at the bureau level, and before the Commission.

"Inadequate regional office organization and management.

"The fragmented assignment of staff responsibilities by the Commission in regional office cases.

"FEDERAL TRADE COMMISSION'S (DIVISION OF MANAGEMENT) INFORMATION SYSTEMS STUDY, JANUARY 1974"

"The roles and responsibilities of the regional offices need further clarification. The regional offices currently have two primary responsibilities: the conduct of preliminary and formal investigations, and liaison with States and local consumer affairs agencies. In the investigational area, the opening of seven digit cases and the recommendations for issuance of complaints are subject to scrutiny by the operating bureaus. The regions have indicated dissatisfaction with this arrangement and have sought ways—for example, conducting an investigation under a preliminary number—to avoid or circumvent the problems and delays necessitated by bureau review. Additionally, no clear definition exists concerning what constitutes a regional matter versus a headquarters matter.

"The extent, nature, and degree of State/local liaison efforts vary widely from region to region. This is attributable to the lack of proper execution of existing Commission policy regarding the State/local agencies."

C. Observations of Current Regional Office Administrative and Management Operations

During the period September 23 through November 6, 1974, the investigative staff visited six regional offices and two field stations and found that, although some progress has been made in the administration and management of the regional offices, the same or similar problems which existed from 1970 through early 1974 continue to exist and are affecting the efficiency and effectiveness of the regional offices operations.

1. LACK OF DEFINED ROLES FOR REGIONAL OFFICES

In December 1973, the Assistant Executive Director for Regional Operations evaluated the roles of the regional offices as they pertain to case enforcement, public hearings, injunctive actions, compliance with outstanding Commission orders, and antitrust enforcement. His comments, together with the investigative staff's evaluation of the current situation, are set forth below:

"CASE ENFORCEMENT"

"It is difficult at the present time to determine regional office responsibilities under planned Commission programs. * * * Except for some general guidelines contained in a few APG's [analytical program guides] there is no defined role for the regional offices in section 5 consumer protection enforcement. * * * Where APG's have been adopted, the regional offices have generally not been advised of their specific responsibilities under the programs and whether they should develop one or more specific cases. Rather, these APG's merely indicate at best, the general problems in the substantive area, the preferred remedies in such cases and the criteria to be applied if such a case comes to the attention of the regional office."

In subsequent discussions with regional office personnel, the investigative staff found the above statements still valid. For example, during these discussions, the investigative staff was told that the regional offices have no identity. They need guidelines which are not negative in nature. There are no guidelines as to what constitutes a regional case. If an investigation is considered small enough to be opened as a regional case, headquarters often informs the office to close it because it is too small.

The investigative staff recognizes that their visits to the regional offices occurred prior to the implementation of the fiscal year 1975 programmed budget for regional operations. Even though the regions now know—for the first time—the areas in which they are to place their efforts, case selection criteria is still in the early stages of development.

"PUBLIC HEARINGS"

"The authority of the regional offices to conduct such hearings, however, remain ambiguous. * * * the lack of clear authority in the regional offices to undertake such hearings tends to frustrate vigorous activity in this area. * * *"

The investigative staff found these statements still valid. For example, one regional director indicated that his office has held 15 public hearings, all without specific authority. This was accomplished by calling the gathering a meeting rather than a public hearing, thereby negating the need for headquarters' approval.

"SECTIONS 12 AND 13—INJUNCTIVE ACTIONS"

"Under existing procedures, possible injunctive actions must be closely coordinated with the Office of the General Counsel and, although a regional office has thoroughly investigated the matter, following review and clearance by the Bureau of Consumer Protection, has carefully prepared the necessary pleadings in consultation with the General Counsel's office, and has the personnel with the experience, ability, and willingness to bring the case in the appropriate Federal District court, the matter still must be argued by a member of the General Counsel's staff. These procedures are anomalous, demoralizing, and cause delay in matters requiring the most expeditious treatment."

The investigative staff found the above comments still valid. According to each regional director, this is a very sensitive problem with the regional office personnel.

"COMPLIANCE WITH OUTSTANDING COMMISSION ORDERS"

"* * * Under the present system, regional office attorneys conducting compliance investigations may not participate in civil penalty proceedings resulting from their investigations. * * * There are no criteria for determining when a compliance matter is sent out to the regions or when it is handled by headquarters."

The investigative staff found the above comments still valid.

"ANTITRUST ENFORCEMENT"

"The role of the regional offices in Commission antitrust enforcement is more limited and more obscure than in consumer protection. A number of major antitrust matters have been developed by the regional offices since they were given increased authority but, as pointed out above, the portion of regional office resources devoted to antitrust is relatively small."

The investigative staff found the above comments still valid. According to the regional directors, this is the weakest point in the regional offices' operation. Any activity which is being pursued is in the most primitive stage.

In the opinion of some regional office personnel, the authority which has been delegated has not been sufficient to significantly improve the efficiency and effectiveness of the regional operations. They indicated if the regional offices are to be efficient and effective arms of the Commission, the regional directors need authority to prepare their own subpoenas and enforce them in Federal court, represent themselves in injunction proceedings, and handle their own compliance cases. In their opinion, the current arrangement restricts the regional offices unnecessarily and unjustifiedly. For example, the regional offices can initiate preliminary investigations, but authority for a 7-digit case designation must come from headquarters, as must approval for such things as issuing a subpoena and holding public hearings.

It was suggested that the regional director be given the equivalent authority of an Assistant Bureau Director and that the office of the Executive Assistant Director for Regional Operations be eliminated. Such action would give the regional director the necessary stature and authority within the Commission to move the regional office work through to a timely and effective conclusion.

2. DUPLICATIVE AND CUMBERSOME REVIEW PROCEDURES

The Assistant Executive Director for Regional Operations stated that the present system of review is sometimes cumbersome and is the cause of unnecessary delay. From the opening of a preliminary investigation to the issuance of a part III complaint, a matter may be reviewed no less than 23 times and, frequently, more often, since additional review is usually required when revisions are made. The length of time a matter rests at a level of review depends upon the complexity of the case, the workload of the reviewer, and the priority assigned to the matter by each reviewer. Instances in which a matter rests in one reviewing office for several weeks are not uncommon and movement in 10 days from one level to the next is considered "expeditious." Part of this delay is attributable to work overloads, particularly at the higher levels of review. He said much of it is unnecessary.

Although all six regional directors interviewed indicated the number of layers of review has decreased, they stated the problem nevertheless still exists. The general consensus of the problem was best summarized by one regional director who stated that work products submitted by the regional office staff undergo extensive, multilevel review. The typical finished work product is first reviewed within the regional office by at least one of, and sometimes both, the regional director and the assistant regional director and is then submitted to the Assistant Executive Director for Regional Operations for review by his staff. It is then sent to the appropriate operating unit, the Bureau of Consumer Protection, Bureau of Competition, Office of General Counsel, etc., for further and usually similar review. The work product is then returned to the Assistant Executive Director for Regional Operations with comments and suggestions for change and is finally transmitted back to the regional office. Delays of 3 to 6 months in this process are not unusual. This review process and its attendant delays are having a particularly negative effect on the motivation of the regional office staff.

3. EXCESSIVE DELAYS EXPERIENCED IN PROCESSING REGIONAL OFFICE CASE WORK

On July 29, 1970, the Commission directed that procedures be immediately revised so that a request for a 7-digit number can be processed within 24 hours. Furthermore, the Bureau Directors and their assistants were directed to see to it that field office recommendations for action are processed within 2 weeks regardless of other matters of greater consumer interest and higher priority. These instructions have not been adhered to.

During visits to the six regional offices, the investigative staff verified that the regional offices are experiencing excessive delays in the processing of their cases. Examples of these delays are described below.

Seattle regional office

The average review time for all regional office matters in Seattle was approximately 11.1 weeks as of December 1973. The time had risen to 20.3 weeks in May 1974. The regional director stated that it was impossible for his office to function effectively when each review by headquarters bureaus and offices requires about 5 months.

Los Angeles regional office

In January 1974, the acting regional director wrote a memorandum to the Commission through the Assistant Executive Director for Regional Operations highlighting the problems of delay experienced by the regional office in case file Number 742 3001. In this memorandum, the acting director stated the Los Angeles Regional Office had been trying since February 19, 1973, to attack a relatively simple, flagrant advertising violation under the Truth in Lending Act. This violation was so obvious that little field investigation was required. It was his belief that "everyone concerned had failed to come to grips with the basic question, i.e., are all the changes, even if they are improvements, worth the additional delay that has been encountered? In short, the Commission has once again proven to be ineffective in dealing promptly with a simple, but flagrant violation which could have been stopped many months ago were it not for the inefficient machinery that we have created."

He further stated that the delays and unreasonable numbers of people involved in reviewing this specific case were substantially, though not totally, responsible for the resignation of the attorney originally assigned to this matter. He believed that, while this case may perhaps be slightly extreme, it is not terribly different from what has happened to the approximately two dozen other complaints that this office has forwarded in the 7 months that he had served as acting regional director. In his opinion, the problems of delay will never be overcome unless and until the regional directors are given the responsibility to review and, of course, also held accountable if they fail to perform.

He concluded by stating his decision to resign was accelerated by an increasing sense of frustration at his ineffectiveness in moving Los Angeles cases through the red tape of headquarters.

Dallas regional office

This regional office estimated that an average of one month elapses between the request for and the granting of a 7-digit number for a formal investigation. Moreover, it is not unusual for cases to be delayed from 2 to 6 months in the review process. In a few instances, cases have languished for more than a year.

Specific examples of regional office cases being delayed are shown in the following schedule.

SCHEDULE SHOWING DELAYS EXPERIENCED BY VARIOUS REGIONAL OFFICES IN PROCESSING CASES

Regional office and action (authority) requested	Case number	Date requested	Period of delay (weeks)
Cleveland:			
Initiate civil penalty.....	D-8820	Jan. 15, 1974.....	132
Price fixing preliminary—Block brothers.....		July 30, 1974.....	15
Dallas:			
Consent and complaint.....	742 3118	May 1974.....	18
Formal Investigation—Surtran.....		July 19, 1974.....	11
Complaint.....	691 0058	Apr. 1974.....	23
Preliminary investigation:			
James Matthews.....		June 6, 1974.....	17
Bonanza.....		Aug. 6, 1974.....	8
Kansas City:			
Subpoena enforcement.....	742 3169	July 3, 1974.....	12
Complaint and order.....	732 3375	July 19, 1974.....	10
Civil penalty—Universal Electronics.....	(1)	Apr. 1974.....	26
Complaint—Mr. T's Rental.....	(1)	June 1974.....	18
Los Angeles:			
Complaint.....	732 3153	Apr. 24, 1974.....	22
Complaint.....	732 3149	July 11, 1974.....	11
Complaint.....	732 3259	July 15, 1974.....	11
Revised agreement.....	712 3708	July 18, 1974.....	10

See footnotes at end of table.

SCHEDULE SHOWING DELAYS EXPERIENCED BY VARIOUS REGIONAL OFFICES IN PROCESSING CASES—Continued

Regional office and action (authority) requested	Case number	Date requested	Period of delay (weeks)
San Francisco:			
Issuance of a pt. 2 complaint.....	712 3338	Oct. 10, 1973.....	152
Consent agreement.....	742 3128	July 30, 1974.....	11
Seattle:			
Authority to seek an injunction.....	741 0023	Feb. 27, 1974.....	12
Issuance of pt. 3 complaint.....	732 3078/3083	Apr. 12, 1974.....	6
Issuance of complaint.....	722 3145	Feb. 7, 1974.....	15
Do.....	732 3196	Feb. 14, 1974.....	14
Signed consent orders forward for acceptance.....	732 3198	Oct. 16, 1973.....	31
Subpoena enforcement.....	742 3075	Mar. 21, 1974.....	10
Do.....	732 3197	Oct. 31, 1973.....	28
Request for 7-digit investigations:			
Black advertising.....		Mar. 14, 1974.....	10
Utilities.....		Dec. 5, 1973.....	25
Credit cards.....		Oct. 16, 1973.....	31
Readability.....		Oct. 16, 1973.....	31
Bar associations.....		Aug. 20, 1973.....	39
Projects:			
New cars.....		Jan. 16, 1974.....	18
Used cars.....		Sept. 17, 1973.....	35

¹ As of Aug. 31, 1974.² As of Oct. 10, 1974.³ As of Sept. 30, 1974.⁴ Unknown.⁵ As of May 31, 1974.**4. QUESTIONABLE VALUE OF THE FUNCTIONS PERFORMED BY THE OFFICE OF THE ASSISTANT EXECUTIVE DIRECTOR FOR REGIONAL OPERATIONS**

The Assistant Executive Director for Regional Operations serves as a full assistant to the Executive Director on all operational matters pertaining to substantive Commission programs. He assists the Executive Director in planning, directing, and coordinating the full range of antitrust and consumer protection functions. This involves coordinating the legal work of the 11 regional offices with the headquarters operating bureaus; deciding the regional or national scope of complex legal cases; allocating manpower to meet particular exigencies of urgent cases; initiating special regional projects; developing plans for the most expeditious resolution of important cases; reviewing and evaluating the quantitative and qualitative aspects of the work produced in the bureaus and regional offices; and initiating program improvements. Additionally, he performs an ancillary Federal-State coordinating function important in serving the consumers' interests.

The office, as it is currently structured, consists of 24 personnel: 9 attorneys, 6 administrative, and 9 clerical. The estimated costs for fiscal year 1975 operations are \$331,600 as compared to \$299,200 allocated for fiscal year 1974.

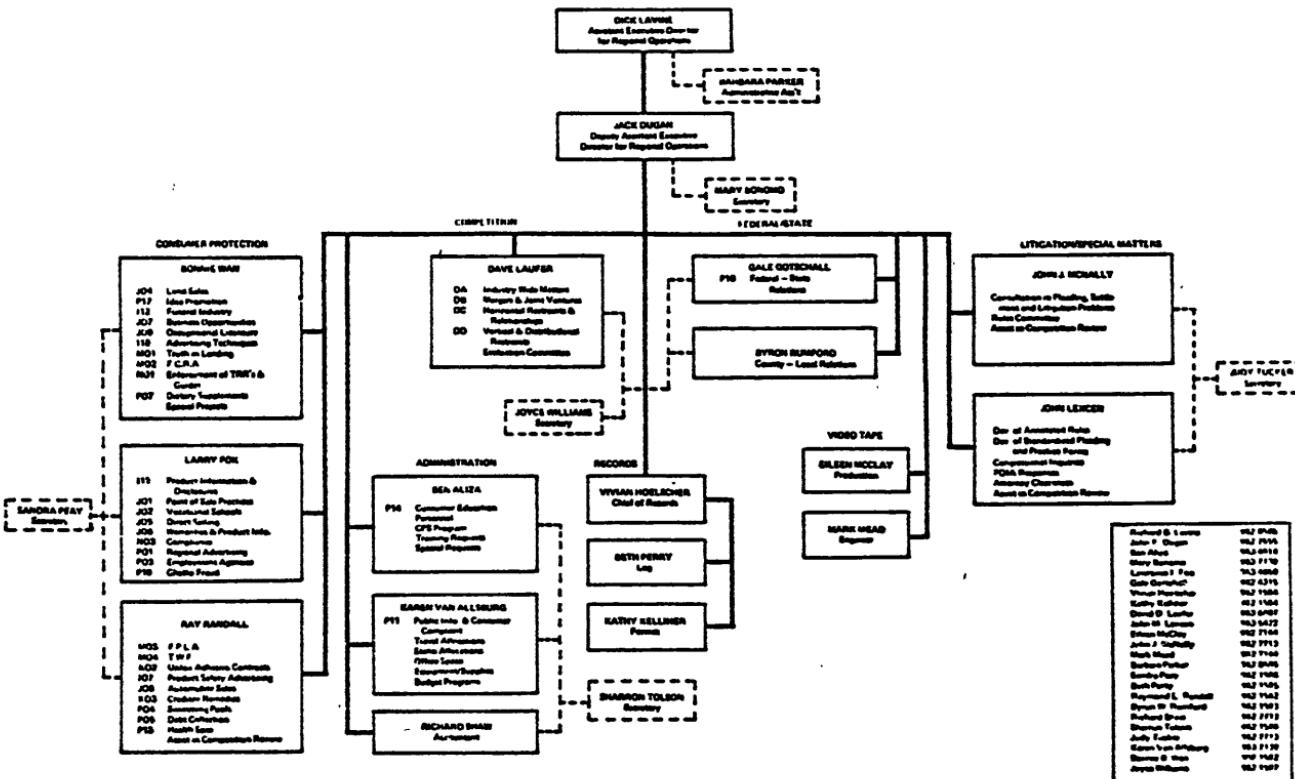
The value of some of these functions performed by the Assistant Executive Director is questionable. They are of the type which could conceivably be delegated or are already being performed by the various regional offices or the Directors of the Bureaus of Competition and Consumer Protection. Examples of such duplication are the review process which the preliminary and formal investigations go through and the State and local government activities. It also appears that the antitrust and consumer protection activities could reasonably be co-ordinated directly between the bureaus and the regional offices.

By eliminating this Office and redelegating the various functions to the appropriate Bureau and regional offices, the Commission would eliminate one layer of management review. This elimination would not only hold the Regional Directors accountable for their functions but would provide the Regional Directors with the necessary stature and authority within the Commission to move regional office work through to a timely and effective conclusion.

In the investigative staff's opinion, most of the resources which are now being devoted to the Office of the Assistant Executive Director for Regional Operations could be more effectively used towards the furtherance of the Commission's programs if they were reallocated to other organizational elements of the Commission, presumably the regional offices.

The following chart depicts the structure of the Office of the Assistant Executive Director for Regional Operations.

REGIONAL OPERATIONS



5. POOR RELATIONSHIPS BETWEEN THE REGIONAL OFFICES AND HEADQUARTERS

The performance of the regional offices is being seriously affected by the poor working relationships between the regional offices and headquarters bureaus, divisions, and offices. The following comments are just a sample of those made by regional staff personnel to the investigative staff illustrating the frustrations and low morale which currently prevails in the regional offices.

The regional offices seem to be viewed as rivals at headquarters. Instead of a spirit of cooperation, headquarters seems to be jealous of the field's success. There is no positive reinforcement from headquarters, just criticism.

Morale is low in the regions because the headquarters staff does a cursory review of the regional work and does not seem to even try to understand the issues involved. Subsequently, the regional work is not properly defended or evaluated before the Commission.

Headquarters regards the regions as the boondocks; a place where people have no education and probably can't shine their shoes. As soon as we find a significant case, Washington snatches it.

The regional staff is beaten down so often by headquarters you do not feel like pursuing a case. You investigate, wait, update, wait, and either close the investigation or headquarters takes over.

Headquarters wants to tell people what they think is wrong, whereas the regional office gets consumer complaints as the problem really exists. Unfortunately, headquarters seems to pay little attention to the regional office's assessment as to the violations which should be pursued in the region.

The regional offices resent the fact that headquarters personnel seem to fashion themselves as the only experts. They believe regional attorneys can match their knowledge and abilities in antitrust with anyone at headquarters. There are talented, aggressive people in the regional offices.

6. QUESTIONABLE BALANCE OF ATTORNEYS AND CONSUMER PROTECTION SPECIALISTS

The investigative staff questions the need for the large number of attorneys in the regional offices on the basis that the kind of casework being performed by the regional staffs lends itself more to investigatory requirements than to legal requirements. This is a very sensitive problem and is a source of irritation to the regional staffs causing disharmony and low morale.

The Division of Personnel recognized this problem and highlighted it in its personnel management reviews made in the Seattle and Kansas City regional offices in October and December 1973. Excerpts from these reports are as follows:

"SEATTLE REGIONAL OFFICE, OCTOBER 23-26, 1973

"The Consumer Protection Specialists in the Seattle regional office are involved in a wide variety of substantive areas and generally are functioning at the functional levels envisioned when the positions were originally established. There are currently 11 attorneys excluding the regional director and the assistant regional director and 7 consumer protection specialists comprising the office's professional staff. This staffing ratio of 1.6 attorneys for each CPS is unbalanced when viewed with the perspective of the nature of the present office workload itself. Specifically, as presently constituted, approximately 35 percent of the office's professional workload requires legal credentials, that is, involves substantive legal work, whereas 65 percent does not require legal background and therefore could more efficiently be assigned to consumer protection specialists. This imbalance is due in great part to the office's current lack of litigative work and other assignments that would demand the use of technical legal ability. The nature of the workload, coupled with the unusual aggressiveness of the consumer protection specialist staff in seeking an additional challenge of responsibility,

have combined to create conditions of extreme overlap of the CPS and the attorney, making it in many instances impossible to discern differences in the contributions of the two to a work product. This overlap in responsibilities between the attorney and the consumer protection specialist has resulted in ambiguity regarding the functions and authorities of each."

"KANSAS CITY REGIONAL OFFICE, DECEMBER 10-13, 1973

*** Outside of the regional director and the assistant regional director, there are presently 11 attorneys on the office staff, while there are only five consumer protection specialists in Kansas City and one CPS in the Denver field office ***. All attorneys and CPS's participate in investigatory activities, often appearing to be performing the same kind and level of difficulty of work, irrespective of the fact that there is a reasonable grade range differential in the office's organizational pattern.

"As a general rule, the kind of casework assigned by headquarters and being generated by the Kansas City office lends itself to more investigatory requirements than to other potential applications. Necessarily, principally due to the acute imbalance in the professional specialties mix (generally guesstimate to be ideally in the ratio of two CPS's for every one attorney), the attorneys spend an inordinate amount of their time in performing duties not requiring legal expertise or knowledges. This means that for substantial parts of their working day they act like and have the same concerns as the CPS. This is not to say that attorneys should absolutely not be involved in phases of casework development, since they undoubtedly must, but what is the concern herein is the proportion of their time or effort in which an unquestioned need exists that demands a professionally trained legal mind. If that discipline is not required at the levels of difficulty that positions are presently classified, the FTC should not be paying high salaries to have work performed that is more effectively assignable to lower grade employees ***."

According to some of the attorneys interviewed by the investigative staff, the CPS can provide only a comparatively low level of legwork assistance to an attorney pursuing a case. Some attorneys want to hold on to those investigative duties which they have performed in the past. They want to develop a case from beginning to end almost individually and alone.

This concept contrasts sharply with that held by some of the consumer protection specialists (CPS) who feel they can and should do much more in the identification and development of a case. These CPS's feel that the attorneys should be restricted to dealing with matters which are strictly legal. They feel that most of the time the CPS and the attorney can work together as a team with the CPS contributing the work that does not require legal expertise and the attorney providing consultative legal services when necessary.

As of September 9, 1974, the ratio of attorneys to CPS's was as follows:

Regional office	Attorneys	CPSs	Ratio
Atlanta.....	18	10	1.8 to 1.
Boston.....	16	4	4.0 to 1.
Chicago.....	21	8	2.6 to 1.
Cleveland.....	8	6	1.3 to 1.
Dallas.....	11	9	1.2 to 1.
Kansas City.....	16	5	3.2 to 1.
Los Angeles.....	19	17	1.1 to 1.
New York.....	33	27	1.2 to 1.
New Orleans.....	3	2	1.5 to 1.
Seattle.....	13	8	1.6 to 1.
San Francisco.....	15	12	1.3 to 1.
Washington, D.C.....	23	9	2.6 to 1.

The grade structure of an attorney in the regional offices generally ranges from a GS-11 (\$15,000) to a GS-15 (\$30,000) as compared to GS-9 (\$12,500) to GS-13 (\$22,000) for the CPS's.

7. REGIONAL OPERATIONS AND PERSONNEL AFFECTED BY THE LACK OF SUFFICIENT FUNDS

All six of the regional directors interviewed indicated that their regional operations and staff morale were seriously affected due to the lack of sufficient funds for travel, stenographic reporting services, and staff training programs.

a. Travel expenses

In this area, the regional directors stated the professional staff were performing case investigations from their desks by using telephones and letter-writing techniques. All agreed that this method of investigation was grossly inadequate. Moreover, it has created a situation where the regional office personnel are forced to restrict their investigations to the local areas and not provide any coverage of their outlying geographical areas. This situation, the investigative staff was told, is having an adverse effect on their relationships with the State and local governments.

Insufficient travel funds have also precluded the Commission from closing its unproductive field stations. The total average annual cost of maintaining these field stations during fiscal years 1972 through 1974 is estimated to have been about \$280,000. The Assistant Executive Director for Regional Operations claims that, because of current budgetary restrictions, funds were not available in fiscal year 1974, nor are they available in fiscal year 1975, to pay the relocation costs to move the field station personnel to the applicable regional office.

The following schedule shows the funds made available to the regional offices for official travel expenses during fiscal years 1973 through 1975.

REGIONAL OFFICE OFFICIAL TRAVEL EXPENSES

Regional office/field station	Actual fiscal year—		Estimated fiscal year 1975
	1973	1974	
Atlanta.....	\$39,050	\$36,085	\$34,000
Charlotte.....	1,012	530	(1)
Miami.....	825	690	(1)
Oak Ridge.....	1,132	1,952	(1)
Boston.....	34,698	26,014	26,000
Chicago.....	30,391	28,652	29,000
Cleveland.....	33,301	14,111	23,000
Detroit.....	325	(1)	-----
Dallas.....	51,314	38,224	36,000
New Orleans.....	11,782	5,548	5,000
San Antonio.....	5,209	1,036	(1)
Kansas City.....	27,283	21,811	24,000
Denver.....	352	168	(1)
Los Angeles.....	48,303	48,058	38,000
Phoenix.....	1,774	780	(1)
San Diego.....	1,407	718	(1)
New York.....	34,051	26,551	27,000
Buffalo.....	631	217	(1)
San Francisco.....	39,341	39,298	38,000
Honolulu.....	6	202	(1)
Seattle.....	36,083	24,914	37,000
Portland.....	928	(1)	-----
Washington, D.C.....	31,738	11,164	21,000
Philadelphia.....	1,276	594	(1)
Total.....	432,212	327,317	338,000

¹ Amounts included in regional office figures.

² Field stations closed during fiscal year.

b. Stenographic reporting services

The following schedule shows the amount of funds for stenographic reporting services actually expended and allocated to the regional offices for fiscal years 1974 and 1975:

Regional office/field stations	Fiscal year—	
	1974 Actual	1975 Estimated
Atlanta.....	\$198	\$3,609
Boston.....		1,924
Chicago.....	213	6,837
Cleveland.....		1,999
Dallas.....	105	5,210
Kansas City.....	388	2,710
Los Angeles.....	2,300	9,018
New York.....	223	8,504
San Francisco.....	515	8,965
Seattle.....	608	5,375
Washington, D.C.....	1,065	6,350
Total.....	5,615	63,510

According to statements made by all six regional directors, funds expended on stenographic reporting services in prior years have been grossly inadequate. Moreover, the allocations for fiscal year 1975, although significantly higher, are also grossly inadequate to meet the needs of the regional offices. They essentially will be completely wiped out after the first major hearing is held. In their opinion, without this capability to carry on public investigative and administrative hearings, the regional offices might as well close their doors.

c. Staff training programs

During the past year, the need for adequate regional office training has been highlighted by the Assistant Executive Director for Regional Operations and the Division of Personnel in their respective studies on the regional office management operations. Although the regional directors have recognized this problem and attempted to provide the necessary alternatives, they said their attempts have been frustrated and thwarted due to the lack of sufficient funds.

Excerpts from the Division of Personnel studies are quoted below:

"SEATTLE REGIONAL OFFICE, OCTOBER 1973

"Discussions with individual employees confirmed by followup group meetings indicated that newly hired employees received little or no indoctrination or orientation.

"Training and development for consumer protection specialists and attorneys are entirely on the job and varies from individual to individual. For the most part, however, newly hired professional employees have been thrust immediately into a 'sink-or-swim' situation with consequent adjustment difficulties by some."

DALLAS REGIONAL OFFICE, FEBRUARY 1974

"The consumer protection specialists and attorneys have no formalized training program through which to gain an orientation to the agency or to acquire/enhance the skills needed to perform their work.

"The Dallas office has provided some training for their employees.

"The four new attorneys were assigned to work on a special project with an experienced attorney.

"The entire professional staff attended a series of seminars on antitrust law.

"The consumer protection specialists attend periodic seminars on Federal Trade Commission law and investigative techniques.

"Both attorneys and consumer protection specialists work with more experienced personnel to gain on-the-job experience.

"While these efforts to provide training are commendable, they do not meet the real need, either in the opinion of the Regional Director or the professional staff. The consumer protection specialists particularly need an intensive, in-depth training program covering investigative techniques, Federal Trade Commission laws and legal processes, report writing, interviewing, public speaking, public information, consumer education, elementary accounting, corporate structures,

and the like. The attorneys require in-depth knowledge of Federal Trade Commission laws, administrative processes, negotiation techniques, and litigation skills. The entire professional staff would benefit from a thorough orientation, including a 3-4 day orientation seminar in Washington, D.C. The survey team agrees that training is a paramount need in the Dallas Regional Office."

In an attempt to provide some onsite training to the regional office staffs, the headquarters bureaus and offices have resorted to the use of video tapes. However, to date, only five tapes, which headquarters officials consider as having training value, have been sent to the regional offices. The subject matter of these tapes deals with: (1) The Division of Legal and Public Records; (2) a briefing for the regional offices prior to the November 7, 1974, news briefing on the food nutrition rule; (3) a discussion between the Bureau of Economics Director and the Assistant Executive Director for Regional Operations on the activities of the Bureau of Economics; (4) introduction of the headquarters regional operations staff by the Assistant Executive Director for Regional Operations; and (5) an analysis by the Bureau of Competition Director on Assurances of Voluntary Compliance.

These attempts to resolve the training problem fall far short of satisfying or meeting the training requirements of the regional offices.

The following schedule illustrates the funds expended and allocated to the regional offices for training purposes for fiscal years 1974 and 1975:

Regional office	Fiscal year—	
	Actual 1974	Estimated 1975
Atlanta.....	\$110	\$960
Boston.....	2,160	400
Chicago.....	1,386	1,000
Cleveland.....	1,246	400
Dallas.....	1,017	600
Kansas City.....		400
Los Angeles.....	3,552	900
New York.....	1,148	1,190
San Francisco.....	2,364	900
Seattle.....	735	700
Washington, D.C.	1,028	750
Total.....	14,746	8,100

Note: Excluded from the above figures is training relating to the executive development training program. No such training was allocated to the regional offices.

8. PROBLEMS ENCOUNTERED IN THE CONSUMER EDUCATION EFFORTS IN THE REGIONAL OFFICES

Efforts by regional office personnel to carry on an effective consumer education program are seriously hampered by inadequate support and assistance from the Bureau of Consumer Protection and the Division of Consumer Education, and insufficient funding.

During visits to the regional offices, the investigative staff was told that consumer education efforts are done on an "ad hoc" basis with very little direction or assistance from the headquarters offices. Historically, the regional offices and the Division of Consumer Education have been in conflict because of the poor treatment given to the regional office efforts. When the regional staffs develop an idea, headquarters responds by saying either (1) you cannot do it because it is too large in scope or (2) it's a good idea; we will take over and develop and coordinate it, but do not send us any input. The regional staff circumvents this problem by developing their own programs and implementing them before advising headquarters.

The investigative staff was also informed that no funds are available for consumer education efforts. Some regional staffs have been told to raise money for their programs from private sources such as Sears, Montgomery Wards, et cetera, on the theory that a well-educated consumer will buy from a responsible business.

An analysis of the amount of time spent by the regional offices in fiscal 1974 initiating, developing, and implementing programs designed to increase con-

sumer awareness and competence and generating new capabilities for supplying consumer protection work at the Federal, State, and local levels shows the following:

Office	Man-hours expended	Man-day equivalent
Atlanta	342	42.8
Charlotte	24	3.0
Miami	20	2.5
Oak Ridge	37	4.6
Boston	783	98.0
Chicago	2,069	258.6
Cleveland	1,514	189.2
Dallas	536	67.0
New Orleans	64	8.0
San Antonio	30	3.7
Kansas City	517	64.6
Denver		
Los Angeles	1,006	125.7
Phoenix ¹		
San Diego ¹		
New York	3,064	383.0
Buffalo ¹		
San Francisco	362	45.2
Honolulu	60	7.5
Seattle	1,919	239.8
Washington, D.C.	507	63.3
Philadelphia	36	4.5
Total	12,890	1,611.0

¹ Field stations closed in fiscal year 1974.

In discussions with the Bureau of Consumer Protection Director, he stated that the investigative staff had a valid criticism regarding the role of consumer education within the Commission. He agreed the problem has not been addressed properly.

9. PROBLEMS ENCOUNTERED IN THE RELATIONSHIPS WITH STATE AND LOCAL AGENCIES

In December 1973, the Assistant Executive Director for Regional Operations stated that, under present procedures, any request from a state or local enforcement agency to a regional office for access to that office's investigational file in a particular matter must be reviewed by the General Counsel and approved by the Commission, a process which takes weeks and, not infrequently, months to complete. In his opinion, the delays encountered in this procedure impair the Federal-State relations program and frustrate the Commission's policy of encouraging State and local action. Furthermore, regional office requests for authority to release their investigative files to State and local agencies are often approved too late for the required files to be of any use.

The investigative staff found these statements still valid. Interviews with all six regional directors confirmed that serious problems still exist. Some offices have taken it upon themselves to circumvent the Commission's procedures in attempts to improve these relationships. In addition, interviews with State officials revealed the following problems which they are experiencing with the Commission.

a. Assistant attorney general of Ohio

An assistant attorney general of Ohio highlighted two issues in which the Commission has treated the State attorney general's office poorly. These are as follows:

Since he has been the assistant attorney general, the Commission has sent his office five lengthy questionnaires which were worded in a demand tone. In each case the questionnaires required extensive legal research by his staff. Commission personnel seem to be insensitive to the State in that they seem to think that the State is there to service the Commission.

The Commission did not even notify the State attorney general's office of its trade regulation rule regarding door-to-door sales. Regardless of the fact that Ohio has a similar law, the Commission sent out legal opinions to various businesses in the State advising the businesses that the Commission rule supersedes any State law. This, in his opinion, was and is inexcusable.

The assistant attorney general further stated that all of the State personnel feel that the Commission is ineffective in consumer protection because they move too slowly. It takes regional office personnel 6 to 12 months to obtain approval from headquarters to conduct an investigation. By the time the Commission acts, if it acts at all, it is too late as the consumer harm has already been done.

b. Chief, Consumer Protection and Antitrust Division, Attorney General's Office, State of Washington

In discussing the State and Commission relationships, the chief of the Consumer Protection and Antitrust Division of the State of Washington made the following comments:

"The Commission rules are obsolete. It takes the vote of the Commissioners for approval for an employee to go to the bathroom. Because of this cumbersome, antiquated procedure, the Commission is in sad shape.

"The Commission is insulated from the public needs as I don't think they process complaints. The reason I question the Commission's grasp of consumer needs is the type of cases they don't look at. For one, travel clubs are a big problem, yet they don't work them. Second, fire alarm systems that don't work and bring consumer harm, we have to do. Third, the 'Dare to be Great' scheme which seems to be controlled by International Marketing Management of Las Vegas. Where is the Commission?

"It seems that the Commission has tremendous resources at headquarters but we never see any indication of the results. The headquarters has sent people to talk to me on studies before, but I never hear or see the results.

"How many lawsuits does the Commission bring? After all, to get people to cease and desist on consent is one thing but to sue for restitution is another. We have had 30 law suits alone in this office this year with a return of \$8 million to consumers plus attorney's fees and court costs."

c. Assistant attorney general for consumer protection, State of California

In his comments relative to the Federal and State relationships in California, the assistant attorney general for consumer protection indicated the following:

Little responsibility has been delegated to the regional offices; in fact, it seems very little is delegated below the Commissioner level.

His relationships with the regional office and headquarters is one of co-operation; however, the Commission moves so slowly that it is of very little use to him. He believes the need exists for a significant, fast-moving Federal Trade Commission. So many of the companies in violation of California consumer protection laws operate or are headquartered outside of California. In these cases, the Commission needs to move. The problem is the Commission seems to have no policy plan or a shifting plan. They are constantly doing studies, then shifting policies. The vocational school project is an example of an absurd, poorly prepared project. Apparently, the Commission preset certain problems and solutions before holding public hearings concerning vocational schools. The public hearings in California were fruitless because the public was unable to get the regional problems across to the Commission.

To demonstrate the slow, cumbersome movement of the Commission, the State can obtain an injunction in 1 day; it takes them 3 months to a year.

The Commission provides little in source information to the State because they do not have an information retrieval system.

The latest Commission policy toward case selection seems to be to rate the size of the business as the primary criteria; the assistant attorney general is not sure this is always the answer in judging consumer harm.

10. POTENTIAL BENEFITS STEMMING FROM THE USE OF ECONOMISTS AND ACCOUNTANTS IN THE REGIONAL OFFICES

In October 1973, the one economist assigned to a regional office (San Francisco) reported that it was his sincere belief that the input of an economist is improving the regional office's total output. This was not meant to imply that there was any fault with the regional office personnel. Rather, it had to do with an input formerly unavailable to the regions (i.e., economics).

In his opinion, more section 7 antitrust matters could be developed in the regional offices if there was a more orderly approach to developing the neces-

sary economic data. There is also a need for more economic input into the areas of consumer protection, deceptive practices, and unfair methods of competition. So far, only the San Francisco regional office has been given such support on an ongoing basis.

Based upon his experience in the regional office, the economist in San Francisco proposed that a team of three economists—preferably a senior and two junior economists—be assigned to one central geographic location for the purpose of serving the needs and requirements of three specific regional offices.

This proposal was endorsed by the Assistant Executive Director for Regional Operations and a recommendation was made to the Commission Chairman in December 1973 that three economists and one economics assistant (to provide statistical and other related economics support services) be assigned to each of the following three offices to serve the offices indicated:

San Francisco—Seattle, Denver, San Francisco, and Los Angeles.

Chicago—Chicago, Cleveland, Kansas City, Dallas, and New Orleans.

New York—Boston, New York, Atlanta, and Washington, D.C.

In December 1974, the economist reiterated his comments to the investigative staff; and, when questioned as to the status of this recommendation, he advised the investigative staff it had not been implemented and that it was currently being studied. There was no evidence to show that the Commission is actively considering the matter.

During the investigative staff's visits to the regional offices, various personnel expressed the view that the addition of economists and accountants to the staff would be beneficial to the regional office operations.

11. QUESTIONABLE EFFECTIVENESS OF THE NEW ORLEANS FIELD STATION

The investigative staff has learned from interviews with Commission officials that the New Orleans field station should be closed because there is not sufficient work, based on a cost ratio of operating the office, versus the public benefits derived from the office output. The officials contend that there is simply not the volume of Commission matters, based on their current programmatic approach to case selection, to warrant a full-time staff in New Orleans to handle the matters in Louisiana, Arkansas, and Mississippi. The officials believe the Commission could more economically handle the work out of the Dallas regional office.

The investigative staff learned from its visit to New Orleans that the field station is manned by two attorneys, two consumer protection specialists, and supporting secretarial help (since the visit, the assistant regional director has resigned). Morale among the staff members was very low because they felt they were not being sufficiently recognized for their work nor given adequate support in personnel, travel costs, and stenographic reporting.

In any event, the investigative staff determined that, as of the end of October 1974, the New Orleans staff was working on preliminary investigations in consumer protection matters only. They have no formal investigations open in consumer protection matters, have no investigations (preliminary or formal) underway on any competition matters, and will not have any such investigations in fiscal year 1975.

It is the opinion of the investigative staff that the New Orleans field station should be closed and the personnel transferred to Dallas.

12. FEASIBILITY OF CONVERTING THE DENVER FIELD STATION INTO A REGIONAL OFFICE

In April 1974, the Commission informed the subcommittee of the House Committee on Appropriations that it was contemplating upgrading the Denver field station to a full-fledged regional office to better serve the areas of Colorado, Utah, Wyoming, North Dakota, South Dakota, and Montana.

The investigative staff seriously questions the feasibility of such planned action on the basis that (a) there has been no demonstrable need for upgrading the status of the field station; (b) such actions are being planned at a time when all other field stations have been determined to be inefficient and ineffective arms of the Commission, and are in the process of being closed (with the exception of Hawaii); and (c) such actions are predicated on the basis that Denver would be a nice place to live and work because of the surrounding mountainous areas rather than a need to provide coverage to the surrounding States.

13. NEED FOR A REGIONAL OFFICE OPERATION MANUAL

The regional directors' initial response to the creation of a regional office operation manual was that there was no need for one. The regional staffs are informed of what the policies and procedures are during weekly staff meetings; and, if they have any questions concerning them, they are cleared up at that time. Occasionally, staff memorandums are issued providing instructions to the staff as to how to act on a given subject matter.

The investigative staff believes there is an urgent need for the regional directors to create a regional office operation manual which sets forth the regional office's policies and procedures as they relate to the day-to-day regional office operations. The investigative staff also believes that many of the regional office personnel and operational problems are closely, if not directly, related to the absence of such a manual.

During its visits to the regional offices, the investigative staff found that no such manual existed in any of the offices. There were no formalized organizational charts or statements of functions or responsibilities for any of the key management personnel. Written operating policies and procedures were also lacking.

After discussing this need with regional directors, they then generally agreed there was a valid need for such a manual and indicated they would take the initial steps to create one.

The investigative staff suggests, however, that such efforts should be co-ordinated through the Assistant Executive Director for Regional Operations in order that the manuals have some form of standardized development.

14. NEED FOR FORMAL PERSONNEL EVALUATION SYSTEM

There is no formal personnel evaluation system presently in use by the regional offices for evaluating the performance of the professional staff. As a result, this has lead to a serious morale problem in the regional offices because the professional staff does not know where they stand, what must be done to improve their performance, or what is required for promotion.

To fill this void, some regional directors have devised their own systems pending the adoption of agencywide criteria, while other regional directors have done nothing.

In discussing this matter with the personnel director, he admitted that no formal criterium exists; however, one is currently on the drawing board and hopefully will be forthcoming as soon as the fiscal year 1976 budget formulation is completed.

D. Conclusions and Suggestions for Improvements

Since the time of their organization in 1970, the regional offices have been the object of criticism in various reports and by various organizational elements within the Commission. The message which is conveyed in these reports is essentially the same: The regional office's role is not adequately defined; there is a lack of adequate authority from the Commission to effectively carry out the Commission's programs in an efficient and economical manner; regional office personnel are not used effectively; review procedures are excessive and cumbersome; there are undue delays in processing investigative cases; and there is inadequate internal organization and management structure.

The investigative staff believes the biggest question, which the Commission has to come to grips with, is what role the regional offices are to have in carrying out the responsibilities and congressional mandates of the Commission. The investigative staff suggests the following actions be taken by the Commission to strengthen the regional offices to make them truly effective arms of the Commission:

(1) Define the specific roles of the regional offices and delegate the proper authority to the offices to enable them to carry out their mission. Such definitions and delegations should be in writing. The investigative staff believes that defining the regional office roles for a particular program or series of programs does not constitute effective definition of the regional office roles but merely evades the primary problems currently confronting the regional offices. Areas where the investigative staff believes the regional offices should have specific authority are as follows:

Prepare their own subpoenas and, when necessary, enforce them in Federal Court.

Participate in court-litigated matters for which they have prime responsibility in investigating. This should encompass all regional offices and not just a select few.

Conduct public and nonpublic staff investigational hearings.

Handle their own injunctive actions under Sections 12 and 13.

Police compliance with orders they have obtained.

(2) Develop and promulgate criteria for distinguishing between what constitutes a regional case versus a headquarters case.

(3) Consider eliminating the Office of the Assistant Executive Director for Regional Operations since nearly all of the Office's activity is of an administrative nature and could conceivably be delegated to the Bureaus of Competition and Consumer Protection and the various regional office directors.

(4) Visits should be made to the regional offices on a scheduled basis by the Chairman, Commissioners, and bureau and office directors in order to establish a better working relationship and to improve staff morale. The investigative staff believes that there is no substitute for the "eyeball-to-eyeball" approach to clear up misunderstandings and nip rumors before they are allowed to fester and grow.

(5) Restructure the existing ratio balance between regional office attorneys and consumer protection specialists to be more in line with their current working responsibilities. The establishment of such a ratio would be a prudent use of regional office personnel funds.

(6) Provide the regional offices with sufficient funds to meet their assigned responsibilities, especially in the areas of travel, stenographic reporting services, and staff training.

(7) Define the Commission's role in consumer education; establish a consistent program to carry out this role; and provide the necessary guidance and funds for its implementation.

(8) Grant discretionary authority to the regional directors to exchange information with heads of State and local consumer law enforcement agencies, including information pertaining to investigations.

(9) Consider assigning, on a trial basis, a team of specialists—such as economists and accountants—to a central geographic office to service three or more regional offices, as previously recommended by the Assistant Executive Director for Regional Operation in December 1973.

(10) Take the necessary actions to immediately close the unproductive field stations.

X. OTHER MATTERS OF INTEREST

A. Observations of Current Hiring Practices for Attorneys and Economists

Historically, the Commission has received criticism for failing to reach its employment ceilings for attorneys and economists. Traditionally, the Commission has generally hired recent law school graduates and economists with a narrow base of academic background. According to Commission officials, in fiscal year 1974, they placed top priority on recruiting sufficient staff to reach and maintain full employment. As of June 30, 1974, the Commission was at its authorized strength.

The investigative staff has set forth its observations of current hiring practices.

1. ATTORNEYS

According to a Commission official, in fiscal year 1974, the Commission set as a goal the recruitment of 50 percent of its incoming attorney personnel from the ranks of experienced attorneys by promoting the concept of revitalizing the Commission with aggressive, energetic personnel who would be given the responsibility commensurate with their experience and ability. The other 50 percent were to be taken from the best qualified law school graduates. In an effort to recruit top flight law school graduates, the Chairman and headquarters personnel recruited for the Commission at the "best" law schools. According to this official, 60 percent of those hired were experienced attorneys and 40 percent were law school graduates. Of the law school graduates, 98 percent graduated in the top half of their class. In fiscal year 1974, the annual turnover rate for attorneys was 15.98 percent as compared to 22 percent in fiscal year 1972.

2. ECONOMISTS

From fiscal year 1971 through fiscal year 1974, the Bureau of Economics hired 51 economists. Of the 51 economists roughly half had work experience in education, government, or private organizations. Half named their principal specialization as industrial organization and about 80 percent had industrial organization as a major field of interest. According to the director, Bureau of Economics, this is not surprising since antitrust enforcement and industry analysis more closely parallel the industrial organization discipline than any other.

In an effort to balance the picture, however, the director stated that the average person hired has successfully completed qualifying examinations in two other fields of specialization, such as: advanced economic theory and mathematical economics, public finance, statistics and econometrics, urban and regional economics, money and banking, international trade and finance, economic development, et cetera. In fact, of the 51 economists, 21 fields of specialization, other than industrial organization, are involved.

The following analysis is presented to show the number of economists hired by the Bureau of Economics for fiscal year 1971 through fiscal year 1974. It covers all the new hires of economists, including junior economists and excludes hires by the Division of Financial Statistics, which emphasized accountants and included no professional economists.

Total number of economists hired-----	51
Background immediately prior to joining the Bureau of Economics:	
Fresh from studies or combined studies/junior teaching-----	26
Professional rank teaching position-----	16
Other parts of the Commission-----	1
Other Government agencies-----	7
Private sector research-----	1
Total -----	51
Principal field of specialization :	
Industrial organization and public policy-----	25
General economics-----	5
Urban and regional economics-----	4
Transportation, communications, and public utilities-----	3
Public finance-----	2
Statistics and econometrics-----	2
Labor economics-----	2
Economics of education-----	2
Advanced economic theory-----	2
Money and banking-----	1
International trade and finance-----	1
Economic development-----	1
Medical economics-----	1
Total -----	51
Major fields of interest :	
Industrial organization and public policy-----	41
Advanced economic theory and mathematical economics-----	20
Public finance-----	14
Statistics and econometrics-----	12
Urban and regional economics-----	10
Money and banking-----	7
International trade and finance-----	6
Economic development-----	6
General economics-----	5
Labor economics-----	4

Major fields of interest--Continued

Transportation, communications, and public utilities.....	4
Economics of education.....	3
Consumer economics.....	2
Welfare economics.....	2
Comparative economic systems.....	2
Marketing.....	2
History of economic thought.....	2
Policy analysis.....	2
Accounting.....	1
Economic history.....	1
Insurance.....	1
Computer programming.....	1

Total identifiable major fields of interest..... 148

The Bureau of Economics director advised the investigative staff that the academic qualifications of an economist in and of itself do not impress him, as much as the individual's ability to understand the issues involved with Commission statutes, his/her relationship to the real world and, accordingly, ability to produce an adequate product. He anticipates the hiring policies will shift from the past practice of purely academic qualifications to a balance of necessary academic experience coupled with practical working experience in the real world.

As of December 1, 1974, the Bureau of Economics had an authorized strength of 183 and had 177 on board, of which 75 were economists. From the beginning of fiscal year 1972 to date, the annual turnover rate of economists has averaged just under 9 percent.

B. Status of the Management Audit Program

In January 1970, the Bureau of the Budget (now the Office of Management and Budget) recommended that the Commission should establish an independent internal audit capability with direct access to the Commission chairman and operate as an integral part of the Commission's management control system.

During the fiscal year 1975 House Appropriation hearings, held in April 1974, the executive director stated that the Commission expected to initiate a management audit and review program sometime during fiscal year 1975. It is envisioned that this program will provide a sounder basis than is currently available for assessing the organization, management, and procedural effectiveness of principal units at headquarters and in the regional offices.

In December 1974, the Assistant Executive Director for Management stated that the Management Division is currently defining the parameters of the audit program to include staffing requirements and the "auditable" elements. The Commission is presently searching for a management auditor, in all likelihood from outside the Commission, who has the required management skills. The plan, according to the assistant executive director, is to hire this individual in the early part of the third quarter of fiscal year 1975, provided an exception can be made to the hiring freeze, begin with a pilot test in the last quarter and be ready for full scale implementation at the beginning of fiscal year 1976.

At this point, it should be noted that there is a complementary effort to the management audit program known as the personnel management evaluation survey. The personnel management evaluation survey was initiated by the Director of the Division of Personnel and first applied to the Commission's operation in August 1972. The review consists of sending a team (usually consisting of one individual from the personnel division and two from the organizational unit being reviewed) into each organizational unit (bureau or regional office) to evaluate the personnel management policies, systems and practices of the unit.

The following schedule illustrates the reviews performed by the personnel division in fiscal years 1973, 1974, and 1975.

Study	Date initiated	Date completed	Date published	General user	Cost
FISCAL YEAR 1973					
The Attorney Manager.....	Sept. 1, 1972	November 1972.....	November 1972.....	Executive Director, Director of Bureau of Compensation, Director of Bureau of Consumer Protection.	\$7,700
Division of Personnel.....	Apr. 16, 1973	May 4, 1973.....	May 4, 1973.....	Executive Director, Director of Personnel.....	1,135
FISCAL YEAR 1974					
Seattle Regional Office.....	Oct. 22, 1973	Nov. 9, 1973.....	Nov. 30, 1973.....	Executive Director, Assistant Executive Director for Regional Operations, Seattle Regional Director.	2,810
Boston Regional Office.....	Nov. 5, 1973	Dec. 28, 1973.....	Jan. 21, 1974.....	Executive Director, Assistant Executive Director for Regional Operations, Boston Regional Director.	2,275
Kansas Regional Office.....	Dec. 10, 1973	Jan. 18, 1974.....	Jan. 25, 1974.....	Executive Director, Assistant Executive Director for Regional Operations, Kansas Regional Director.	2,280
Dallas Regional Office.....	Jan. 28, 1974	Mar. 1, 1974.....	Mar. 8, 1974.....	Executive Director, Assistant Executive Director for Regional Operations, Dallas Regional Director.	2,020
Washington Regional Office.....	Feb. 25, 1974	Apr. 12, 1974.....	Apr. 19, 1974.....	Executive Director, Assistant Executive Director for Regional Operations, Washington Regional Director.	2,135
Office of General Counsel.....	Mar. 25, 1974	Aug. 9, 1974.....	Oct. 15, 1974 ¹	Executive Director, General Counsel.....	2,055
Bureau of Competition.....	Apr. 8, 1974	Oct. 15, 1974.....	Nov. 1, 1974 ¹	Executive Director, Director, Bureau of Competition.....	8,500
Office of Secretary.....	June 10, 1974	Aug. 9, 1974.....	Sept. 23, 1974.....	Executive Director, Secretary.....	2,900
FISCAL YEAR 1975					
Library.....	July 15, 1975	Sept. 25, 1974.....	Nov. 11, 1974.....	Executive Director, Chief, Librarian.....	12,275
Personnel Management Evaluation Survey (Management Division).....	July 22, 1974	(?).....	(?).....	Executive Director, Chief, Division of Management.....	12,975
Personnel Management Evaluation Survey (Consumer Protection).....	Aug. 26, 1974	Dec. 15, 1974 ¹	Nov. 22, 1974 ¹	Executive Director, Director, Bureau of Consumer Protection.....	12,100
Personnel Management.....	Oct. 28, 1974	Dec. 13, 1974 ¹	Dec. 27, 1974 ¹	Executive Director, Chief, Division of Budget and Finance.....	12,275

¹ Estimated.² 3d quarter, fiscal year 1975.

The Personnel Director stated he planned to suspend future reviews until followup reviews can be made of those units previously visited to determine what actions have been taken to implement the recommendations.

This is a positive management approach to the internal review process, however, one suggestion of improvement is in order. The investigative staff noticed that no copies of the review reports had been furnished to the Commission Chairman. This should be done for all reviews.

C. Status of Children's Advertising Program

On April 9, 1974, Chairman Engman advised the Appropriations Committee: "Before leaving the consumer protection field, I should mention our approach concerning television advertising directed at children. For the past 8 months, Bureau staff has been meeting periodically with consumer and industry representatives to analyze the issues in this area and seek development of improved industry self-regulatory mechanisms for dealing with them. This will be a continuing effort in fiscal year 1975. Hopefully it will result in truly effective self-regulation * * *

"However, we want to emphasize that, in fiscal year 1975, if satisfactory results are not forthcoming, and if the staff presents evidence of unfairness or deception in TV ads directed toward children, the Commission will not hesitate to move swiftly with a vigorous law enforcement program."

A Bureau of Consumer Protection official advised that the meetings between consumer and industry representatives did not result in agreement. Consequently, the Bureau staff analyzed the issues and on July 11, 1974, introduced into the Congressional Record for comment, a proposed industry guide. Because of the interest, the period of comment was held open until September 23, 1974. As of November 27, 1974, the Commission staff was analyzing the comments and preparing for submission in the near future to the Commission a proposed draft of an industry guide.

D. Status of Commission Studies

Because of the confusion concerning Commission studies, the investigative staff has included a chart of information available on studies initiated and/or completed by the Commission from fiscal year 1972 to December 1, 1974. It does not include internal agency studies, such as the management information systems studies, stenographic reporting studies, budget overviews, etc., nor does it contain law enforcement investigations, such as, the retail food price survey, the interfuel merger impact on research and development, the interlocking directorates, or the accuracy of natural gas reserves reporting. These law enforcement investigations, according to Bureau of Competition officials, have evolved into the issuance of 6 complaints against 12 companies, or in the other cases terminated with complaint issuance. The Bureau officials feel it is inappropriate to reveal in this report (potential public document) the direction of the law enforcement thrusts.

The chart presents a brief description of the study; the date initiated, completed, or estimated date of completion; who approved the study; and the cost or estimated cost based on the best information available to the investigative staff. It contains 28 separate studies.

Name of study	Commission approved		Completed	Estimated completion date		Costs		Justified in budget (fiscal year)				
	Yes	No		Initiated	Quarter	Fiscal year	Actual	Projected	1973	1974	1975	1976
1. Advertising, information, and competition.....	Yes.		1972.....		2	1976.....		\$60,000.....				
2. Prescription drug.....	Yes.		October 1972.....		3	1975.....		133,000.....				
3. Electrical equipment.....	Yes.		October 1971.....		(1)	(1).....		87,000.....				
4. Energy:												
A. Interfuel substitutability in the electric utility sector of the U.S. economy.....	Unknown.....	Unknown.....	February 1972.....					(2).....				
B. Levels and trends in concentration in U.S. energy sector.....	Yes.	do.....	March 1974.....				\$135,000.....					
C. Emergency petroleum allocation.....	Yes.	do.....	May 1973.....				400,000.....					
D. Overall study of natural gas, coal, nec. petroleum industries.....	Yes.	do.....		4	1976	\$1,000,000	\$1,354,549					
5. Licensing in TV repair industry in Louisiana and California.....	Yes.....		August 1974.....				17,000.....					
6. Antitrust and international economy.....	Yes.		September 1973.....		3	1975.....		22,000.....				
7. Patents and antitrust.....	Yes.	do.....		3	1975.....		11,000.....					
8. Cosmetic advertising.....	Yes.		February 1973.....		3	1975.....		(2).....				
9. Food:												
A. Agricultural cooperatives.....	Yes.		June 1974.....		3	1975.....		20,000.....				
B. Dairy industry.....	Yes.		1974.....				42,000.....		(2).....			
C. Nutrition.....	Yes.		October 1971.....	(1)								
10. Funeral.....	Yes.							8,076.....				
11. Impact of mandatory itemization on funeral prices.....	Yes.	No.....	February.....					875.....				
12. Conglomerate merger performance.....	Yes.		June 1974.....					\$66,000.....				
13. Automobile.....	Yes.	(1).....	January 1974.....						91,000.....			
14. Barriers to entry.....	Yes.		September 1974.....		4	1976.....		83,000.....				
15. Economic versus book rate of return.....	Yes.	do.....		4	1976.....			57,000.....				
16. Market structure and job satisfaction.....	Yes.	do.....		2	1976.....			65,000.....				
17. Prices and market structure.....	Yes.	do.....		1	1976.....			20,000.....				
18. Market share instability.....	Yes.		January 1974.....		2	1975.....		20,000.....				
19. World steel industry.....	Yes.		August 1974.....		4	1976.....		100,000.....				
20. X-Inefficiency.....	Yes.		September 1974.....		4	1976.....		50,000.....				
21. Detergent industry.....	Yes.	do.....		2	1975.....			5,000.....				
22. Market structure and price-cost margin inflexibility.....	Yes.	do.....		1	1976.....			30,000.....				
23. Evaluation of TRR relating to incandescent light bulbs.....	Yes.		March 1974.....		4	1975.....		15,000.....				
24. Consumer problems of the Klamath Indians.....	Unknown.....		August 1972.....									
25. The trading post system of the Navajo Reservation.....	do.....		May 1972.....									
26. Building and construction industry.....	do.....		April 1971.....									
27. Talent and modeling agencies in southern California.....	do.....		March 1971.....									

¹ Uncertain.² Unknown.³ Fiscal year 1974.⁴ Fiscal year 1975.⁵ Justified in fiscal year 1971 budget.⁶ October 1974, with a Trade Regulation Rule published in the Federal Register. Cost figures available in man-years only which were 7.⁷ Completion date unknown, matter on hold pending outcome of auto crash parts negotiations.

It is worthy of note that the advertising, information, and competition study, and the cosmetic advertising study, were initiated prior to the submission of the budget justifying them. It is also interesting to note the lack of information available in many cases as to who approved the study, when it was initiated, and what it cost.

APPENDIX I

PRINCIPAL FEDERAL TRADE COMMISSION OFFICIALS CONCERNED WITH THE SUBJECT MATTER OF THIS REPORT THROUGH DEC. 31, 1974

	Tenure of office	
	From—	To—
Chairman: Lewis A. Engman..... Miles W. Kirkpatrick.....	February 1973..... September 1970.....	Present..... February 1973.
Commissioners: Paul Rand Dixon..... Mayo J. Thompson..... M. Elizabeth Hanford..... Stephen A. Nye..... A. Everett MacIntyre..... Mary Gardner Jones..... David S. Dennison, Jr.....	January 1970..... July 1973..... December 1973..... May 1974..... September 1961..... October 1964..... October 1970.....	Present..... Do..... Do..... June 1973..... November 1973..... December 1973.
Executive Director: Richard T. McNamar..... Charles A. Tobin (Acting)..... Basil J. Mezines.....	December 1973..... July 1973..... November 1970.....	Present..... December 1973..... June 1973.
Office of General Counsel: Calvin Collier..... Ronald M. Dietrich..... Joseph Martin.....	July 1973..... September 1971..... August 1970.....	Present..... July 1973..... July 1971.
Offices of Administrative Law Judges: Daniel H. Hanscom..... Edward L. Creel, Jr.....	October 1972..... December 1964.....	Present..... June 1972.
Office of Secretary: Charles A. Tobin.....	April 1971.....	Present.
Office of Policy Planning and Evaluation: Wesley J. Liebler..... Edward J. Heiden (Acting)..... Caswell O. Hobbs III (Acting)..... Lawrence G. Meyer.....	September 1974..... March 1973..... November 1972..... July 1970.....	Present..... July 1974..... March 1973..... October 1972
Assistant Executive Director for Management: Richard B. Lynn..... John A. Delaney.....	February 1974..... March 1971.....	Present..... December 1973.
Assistant Executive Director for Regional Operations: Richard B. Levine.....	September 1973.....	Present.
Bureau of Competition: James T. Halverson..... Alan S. Ward.....	July 1973..... November 1970.....	Present..... May 1973.
Director, Bureau of Consumer Protection: J. Thomas Rosch..... Joan Berstein (acting)..... Robert Pitofsky.....	December 1973..... January 1973..... November 1970.....	Present..... December 1973..... January 1973.
Director, Bureau of Economics: Frederic M. Scherer..... James M. Folsom (acting)..... H. Michael Mann.....	September 1974..... August 1973..... May 1971.....	Present..... September 1974..... August 1973.
Regional directors: Atlanta: Samuel E. Combs..... John B. White.....	June 1973..... January 1966.....	Present..... June 1973.
Boston: William M. Gibson..... John F. McCarty.....	July 1972..... January 1961.....	Present..... June 1972.
Chicago: Stephanie Kanwit..... Robert L. Camenisch.....	January 1974..... July 1967.....	Present..... January 1974.
Cleveland: Paul R. Peterson..... Bonnie B. Wan (acting)..... Carol G. Emerling.....	November 1974..... August 1974..... June 1970.....	Present..... November 1974..... July 1974.
Dallas: Carl L. Swanson.....	October 1971.....	Present.

APPENDIX I—Continued

PRINCIPAL FEDERAL TRADE COMMISSION OFFICIALS CONCERNED WITH THE SUBJECT MATTER OF THIS REPORT THROUGH DEC. 31, 1974—Continued

	Tenure of office	
	From—	To—
Regional directors—Continued		
Kansas City:		
Newman T. Guthrie.....	December 1971.....	Do.
John T. Hankins (acting).....	April 1971.....	December 1971
Fred B. Causey.....	December 1967.....	
Los Angeles:		
Carol G. Emerling.....	August 1974.....	Present.
John F. Dugan (acting).....	February 1974.....	July 1974.
George J. Zervas (acting).....	October 1973.....	February 1974.
Richard B. Levine.....	March 1972.....	September 1973.
Jay N. Pike (acting).....	June 1971.....	March 1972.
Robert E. O'Brien.....	February 1963.....	May 1971.
New York: Richard A. Givens.....	January 1971.....	Present.
San Francisco: Raymond J. Lloyd.....	January 1958.....	Present.
Seattle:		
William C. Erxleben.....	January 1972.....	Present.
Frederick Lukens.....	December 1967.....	December 1971.
Washington, D.C.:		
Michael J. Vitale.....	September 1971.....	Present.
William S. Sanger.....	June 1968.....	July 1971.

APPENDIX II

FEDERAL TRADE COMMISSION, APPROPRIATION ESTIMATES AND ACTUAL OBLIGATIONS, FISCALS 1973, 1974, AND 1975

Object class	Fiscal 1973		Fiscal 1974		Fiscal 1975	
	Appropriation estimates	Actual	Appropriation estimates	Actual	Appropriation estimates	Actual (through Sept. 25, 1974)
Personnel compensation and benefits.....	\$26,230,000	\$23,367,023	\$27,499,800	\$26,833,883	\$29,221,100	\$7,524,277
Travel.....	900,000	907,332	999,000	880,278	1,093,000	207,787
Transportation of things.....	20,000	11,159	20,000	26,241	20,000	1,255
Rents and communications.....	1,217,000	1,410,779	1,330,700	1,633,124	3,969,500	1,147,199
ADP rentals.....	90,000	64,000	81,100	76,587	134,900	89,635
Office equipment rentals.....	450,000	484,083	460,600	621,448	535,600	428,948
GSA space rentals.....	81,000	112,666	—	83,782	2,455,000	582,846
Telecommunications.....	381,000	373,902	389,000	444,151	444,000	13,687
Postage.....	215,000	376,128	400,000	407,156	400,000	32,083
Printing and reproduction.....	215,000	180,139	225,000	189,387	289,000	15,182
Other services.....	1,252,000	921,085	1,530,000	1,673,996	2,910,300	537,487
Building alterations.....	136,700	141,015	136,700	118,168	136,700	13,896
Repairs to equipment.....	50,000	46,014	50,000	41,957	50,000	16,204
Program contracts and other contractual services.....	1,065,300	734,056	1,343,300	1,513,871	2,723,600	507,387
Supplies and materials.....	396,000	360,943	425,000	446,121	453,300	88,928
Equipment.....	200,000	406,675	310,500	420,073	391,800	15,075
Tort claims.....	—	—	—	327	—	—
Fund transfer to GSA for space rentals.....	44,000	43,519	156,000	162,327	—	—
Fund transfer to Consumer Product Safety Commission.....	—	225,000	—	—	—	—
Total.....	30,474,000	27,833,654	32,496,000	32,265,757	38,348,000	9,537,190

Congressional action—1975 appropriation

1974 appropriation base	\$32,496,000
1975 appropriation increases requested	+5,608,000
1975 congressional appropriation request	38,104,000
House action:	
Disallowance of request	-1,070,000
Budget amendment for energy activities	+1,014,000
1975 House recommendation	38,048,000
Senate action:	
Reduction in GSA space rentals	-270,000
Budget amendment for energy activities	+1,014,000
1975 Senate recommendation	38,848,000
Conference action:	
Congressional reductions	-770,000
Budget amendment for energy	+1,014,000
1975 Appropriation estimate¹	38,348,000

¹ Agriculture-Environmental, and Consumer Protection bill vetoed by President on Aug. 8, 1974.

FEDERAL TRADE COMMISSION, ANALYSIS OF FISCAL YEAR 1975 APPROPRIATION ESTIMATES

	Congressional request	Conference action ¹	Appropriation estimates
Personal compensation and benefits.....	\$29,120,100	+\$101,000	\$29,221,100
Travel.....	1,098,000	-5,000	1,093,000
Transportation of things.....	20,000		20,000
Rents and communications.....	4,249,700	-280,200	3,969,500
ADP rentals.....	145,100		134,900
Office equipment rentals.....	535,600		555,600
GSA space rentals.....	2,725,000		2,455,000
Telecommunications.....	444,000		444,000
Postage.....	400,000		400,000
Printing and reproduction.....	289,000		289,000
Other services.....	2,359,500	+\$550,800	2,910,300
Building alterations.....	136,700		136,700
Repairs to equipment.....	50,000		50,000
Program contracts and other contractual services.....	2,172,800	+\$550,800	2,723,600
Supplies and materials.....	457,000	-3,700	453,300
Equipment.....	510,700	-118,900	391,800
Total Commission.....	38,104,000	-244,000	38,348,000

¹ Includes \$1,014,000 for annualizing energy study positions and implementing computerized evidentiary document retrieval system (see backup detail).

FEDERAL TRADE COMMISSION ANALYSIS OF FISCAL YEAR 1975 APPROPRIATION ESTIMATES CONFERENCE ACTION

	Fiscal year 1975 congressional request	Reductions				Total reductions	Energy study/ Exxon case	Total change	Fiscal year 1975 congressional allowance
		Bureau of Economics	GSA space	MIS activities	Equipment				
Personnel compensation and benefits	\$29,120,100	-\$175,000	-\$88,000	-\$263,000	+\$364,000	+\$101,000	\$29,221,100
Travel.....	1,098,000	-5,000	-5,000	-5,000	1,093,000
Transportation of things.....	20,000	20,000
Rents and communications.....	4,249,700	-\$270,000	-10,200	-280,200	-280,200	3,969,500
Printing and reproduction.....	289,000	289,000
Other services.....	2,359,500	-99,200	-99,200	+\$650,000	+\$550,800	2,910,300
Supplies and materials.....	457,000	-1,100	-2,600	-3,700	-3,700	453,300
Equipments.....	510,700	-18,900	-\$100,000	-118,900	-118,900	391,800
Total commission.....	38,104,000	-200,000	-270,000	-200,000	-100,000	-770,000	+1,014,000	+244,000	38,348,000

FEDERAL TRADE COMMISSION ANALYSIS FISCAL YEAR 1975 APPROPRIATION ESTIMATES HOUSE ALLOWANCE

	Fiscal year 1975 congressional request	Reductions				Total reductions	Energy study/ Exxon case	Total changes	House allowance
		Bureau of Economics	GSA space	MIS activities	Equipment				
Personnel compensation and benefits....	\$29,120,000	-\$175,000	-\$138,000	-\$313,000	+\$364,000	+\$51,000	\$29,171,100
Travel.....	1,098,000	-5,000	-5,000	-5,000	1,093,000
Transportation of things.....	20,000	20,000
Rents and communications.....	4,249,700	-\$270,000	-10,200	-280,200	-280,200	3,969,500
Printing and reproduction.....	289,000	289,000
Other services.....	2,359,500	-249,200	-249,200	+\$650,000	+\$400,800	2,760,300
Supplies and materials.....	457,000	-1,100	-2,600	-3,700	-3,700	453,300
Equipment.....	510,700	-18,900	-\$200,000	-218,900	-218,900	291,800
Total commission.....	38,104,000	-200,000	-270,000	-400,000	-200,000	-1,070,000	+1,014,000	-56,000	38,048,000

FEDERAL TRADE COMMISSION, ANALYSIS OF FISCAL YEAR 1975 APPROPRIATION ESTIMATES, SENATE ALLOWANCE

	Fiscal year 1975 Congressional request	GSA space rents reduction	Energy study/ Exxon case	Total changes	Senate allowance
Personnel compensation and benefits....	\$29,120,100		+\$364,000	+\$364,000	\$29,484,100
Travel	1,098,000				1,098,000
Transportation of things	20,000				20,000
Rents and communications	4,249,700	-\$270,000		-270,000	3,979,700
Printing and reproduction	289,000				289,000
Other services	2,359,500		+650,000	+650,000	3,009,500
Supplies and materials	457,000				457,000
Equipment	510,700				510,700
Total, Federal Trade Commission..	38,104,000	-270,000	+1,014,000	+744,000	38,848,000

Congressional action—1974 appropriation

1973 appropriation.....	\$30,474,000
Adjustment-transfer of flammable fabrics activities to Consumer Product Safety Commission.....	-1,500,000
1974 appropriation base.....	28,974,000
1974 appropriation increases requested.....	+1,116,000
1974 Congressional appropriation request.....	30,090,000
House action: Disallowance of request.....	-490,000
1974 House recommendation.....	29,600,000
Senate action:	
Restoration of House reduction.....	+490,000
Energy study.....	+2,000,000
1974 Senate recommendation.....	32,090,000
Conference action:	
Reaffirmation of House action.....	-490,000
Reduction in energy study funds.....	-1,000,000
1974 enacted appropriation.....	30,600,000
Supplemental appropriation for civilian pay raise:	
January 1973 pay raise.....	+996,000
October 1973 pay raise.....	+900,000
1974 budget authority.....	32,496,000

FEDERAL TRADE COMMISSION, ANALYSIS OF FISCAL 1974 APPROPRIATION ESTIMATES

Object class	Congressional request	Conference action			
		Rearfir-mation of House reduction	Author-i-zation of energy study	Pay raise supple-ments ¹	Appropriation estimates
Personnel compensation and benefits.....	\$25,707,000	-\$457,300	+\$364,100	+\$1,886,000	\$27,499,800
Travel.....	864,000		+\$135,000		999,000
Transportation of things.....	20,000				20,000
Rents and communications.....	1,303,000	-32,700	+60,400		1,330,700
ADP rentals.....	81,100				81,100
Office equipment rentals.....	415,200		+\$45,400		460,600
Telecommunications.....	374,000		+\$15,000		389,000
Postage.....	432,700	-32,700			400,000
Space rental.....					
Printing and reproduction.....	215,000		+\$10,000		225,000
Other services.....	1,270,000		+\$25,000	+\$10,000	1,350,000
Building alterations.....	136,700				136,700
Repairs to equipment.....	50,000				50,000
Program contracts and other contractual services.....	1,083,300		+\$250,000	+\$10,000	1,343,300
Supplies and materials.....	355,000		+\$70,000		425,000
Equipment.....	250,000		+\$60,500		310,500
Fund transfers to GSA for space rentals.....	106,000		+\$50,000		156,000
Total.....	30,090,000	-490,000	1,000,000	+\$1,896,000	32,496,000

¹ January and October 1973 civilian pay raises.² Increased costs of contractual services performed by Federal agencies.

Congressional action—1973 appropriation

1973 appropriation base.....	\$24,059,000
1973 Appropriation increases requested.....	+\$2,504,000
1973 Congressional appropriation request.....	27,073,000
House action :	
Disallowance of FTC request.....	-\$500,000
Additional budgetary resources.....	+\$2,620,000
Pay raise supplemental.....	+\$1,281,000
1973 House recommendation.....	30,474,000
1973 Senate recommendation.....	30,474,000
1973 Enacted appropriation.....	30,474,000

FEDERAL TRADE COMMISSION, ANALYSIS OF FISCAL 1973 APPROPRIATION ESTIMATES

	Congressional request	Congressional modifications	Pay raise supplemental	Appropriation estimates ¹
Personnel compensation and benefits.....	\$23,166,000	+\$1,783,000	+\$1,281,000	\$26,230,000
Travel.....	725,000	+\$175,000		900,000
Transportation of things.....	20,000			20,000
Rents and communications.....	1,188,000	+\$50,000		1,217,000
ADP rentals.....	215,000			90,000
Office equipment rentals.....	358,000			450,000
Office space.....	106,000	+\$19,000		81,000
Telecommunications.....	294,000	+\$31,000		381,000
Postage.....	215,000			215,000
Printing and reproduction.....	366,000	-\$148,000		215,000
Other services.....	805,000	+\$302,000		1,252,000
Building alterations.....	105,000			136,700
Repairs to equipment.....	50,000			50,000
Program contracts and other contractual services.....	650,000	+\$302,000		1,065,300
Supplies and materials.....	561,000			396,000
Equipment.....	242,000	-\$42,000		200,000
Fund transfers to GSA for space rentals.....				44,000
Total.....	27,073,000	+\$2,120,000	+\$1,281,000	30,474,000

¹ These appropriation estimates reflect certain Commission adjustments to other services: +\$145,000; supplies and materials, -\$165,000; fund transfers to GSA for space rent, +\$44,000; rents and communications, -\$21,000; and printing and reproduction, -\$3,000.

SUMMARY: Commission's Response* to OPPE Memos (6/15/72-9/1/74)

Commission Response by Degree of
Attention & Strength of Approval →

Date of Memo	Subject of Memo	Page
5/21/73	Vocational Schools-Program Plan	26
9/6/73	Criteria for Re-evaluation of Outstanding Industry Guides	32
1/8/74	Deceptive Pricing Guides-Instructions Regard- ing Deceptive Pricing Enforcement	38
5/15/74	Prescription Drug Task Force Report	41
6/23/72	Reciprocity	1
7/21/72	Studebaker-Worthington	3
9/12/72	Tentative Definition of Puffery & Deception	8
10/30/72	Southland Corporation	7
11/7/72	Case Selection Criteria For Reciprocity Cases	7
12/5/72	Background Paper for Dec. 13 Meeting (Consumer Behavior)	8
2/1/73	What Happened to U.S. Steel in Reciprocity Guidelines?	12
2/1/73	Seattle R.O. Proposed Used Car Program	11
4/17/73	FTC Petroleum Program	25

(*Source: Commission Minutes from FTC's Office of Asst. Secretary for Minutes)

- ← more less →
- 1-Specifically approved & adopted
OPPE (or joint) program or proposal.
 - 2-Approved or adopted OPPE criteria;
directed Bureaus to use them.
 - 3-Considered OPPE recommendation, but
ultimate disposition was contrary
to OPPE recommendation.
 - 4-Returned to OPPE with further
directive.
 - 5-Reference to minor section of
lengthy OPPE memo. No further
response.
 - 6-Discussed OPPE memo or general
topic. No further response.
 - 7-Summarized or circulated OPPE's
memo. No further response.
 - 8-Acknowledged receipt of OPPE's
memo. No further response.
 - 9-No response recorded, or Commis-
sion action contained no mention
of OPPE memo.

SUMMARY: Commission's Response* to OPPE Memos (6/15/72-9/1/74)

more → ← less →

Commission Response by Degree of
Attention & Strength of Approval →

Date of Memo	Subject of Memo	Page
1/8	Petroleum Program-Case Selection Criteria --	28
7/3/73	Amerada-Hess -----	14
2/8/72	Amerada-Hess -----	18
2/27/73	General Motors Interlocks -----	2
7/7/72	Advertising Endorsements and Testimonials Research Possibilities -----	10
1/4/73	Law Book Industry Guides -----	11
1/26/73	Reciprocity (Tandy Corp.) -----	24
3/12/73	Endorsements and Testimonials: Research Proposal and Recommendations -----	32
9/4/73	IBM -----	3
7/19/72	Committee to Review Advertising Practices and Techniques -----	10
1/4/73	Proposed Instructions Regarding Deceptive Pricing Enforcement -----	26
5/6/73	Ad Substantiation Program and Related National Advertising Problems -----	28
5/15/73	National Survey of Consumer Problems -----	31
7/25/73		

- 1-Specifically approved & adopted OPPE (or joint) program or proposal.
- 2-Approved or adopted OPPE criteria; directed Bureaus to use them.
- 3-Considered OPPE recommendation, but ultimate disposition was contrary to OPPE recommendation.
- 4-Returned to OPPE with further directive.
- 5-Reference to minor section of lengthy OPPE memo. No further response.
- 6-Discussed OPPE memo or general topic. No further response.
- 7-Summarized or circulated OPPE's memo. No further response.
- 8-Acknowledged receipt of OPPE's memo. No further response.
- 9-No response recorded, or Commission action contained no mention of OPPE memo.

SUMMARY: Commission's Response* to OPPE Memos (6/15/72-9/1/74)

← more →

Commission Response by Degree of
Attention & Strength of Approval →

<u>Date of Memo</u>	<u>Subject of Memo</u>	<u>Page</u>	
1/19 -2/22/73	Policy Planning Data Base Overview (Benchmark Data System-2/7/73, 2/8/73) (Monopoly Loss Project-2/22/73) -----	15	1-Specifically approved & adopted OPPE (or Joint) program or proposal.
3/9/73	Annual Planning Report -----	19	2-Approved or adopted OPPE criteria; directed Bureaus to use them.
3/8/73 (2/2/73) (4/24/72)	Possible Ad Substantiation Programs for the Regional Offices -----	18	3-Considered OPPE recommendation, but ultimate disposition was contrary to OPPE recommendation.
7/13/73	Budget Overview -----	29	4-Returned to OPPE with further directive.
9/15/72	Policy Profile Task Force Report -----	4	5-Reference to minor section of lengthy OPPE memo. No further response.
2/5/73	Effect of Budget Reductions on OPPE -----	12	6-Discussed OPPE memo or general topic. No further response.
3/12/73	Refusal to Deal (Fram Corp.) -----	24	7-Summarized or circulated OPPE's memo. No further response.
4/4/73	Refusal to Deal (Fram Corp.) -----	25	8-Acknowledged receipt of OPPE's memo. No further response.
4/9/74	Borden, Inc. (Reconstituted Lemon Juice Pricing) -----	40	9-No response recorded, or Commis- sion action contained no mention of OPPE memo.
12/7/73	Operational (Short Range) Planning -----	36	
11/2/73	Calculation of Cost/Benefit Estimates for Use by Commissioners -----	33	

(*Source: Commission Minutes from FTC's Office of Asst. Secretary for Minutes)

SUMMARY: Commission's Response* to OPPE Memos (6/15/72-9/1/74)

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Commission Response by Degree of
Attention & Strength of Approval →

Date of Memo	Subject of Memo	Page
11/20/73	Trans-American Collections, Inc. -----	35
12/7/73	Packaging and Labeling -----	36
7/6/72	N.Y. Investigation of Construction Industry -	1
7/12/72	FTC Internal Staff Survey -----	2
12/6/72	The Role of Case Selection Guidelines -----	9
12/6/72	How Guidelines Are Used in Reciprocity Area -	9
12/8/72	Food Ad Fraud in Pennsylvania -----	9
12/26/72	Consumer Advisory Boards-An Appraisal -----	10
2/5/73	Consolidated Systems-Proposed Evaluation Study (Vocational Schools) -----	13
2/21/73	Oxford Industries -----	14
2/24/73	Consumer Advisory Boards -----	25
10/16/73	National Survey of Consumer Problems -----	33
12/19/73	Stimulating New Staff Ideas for Planning & Related Matters -----	37
7/1/74	Detergent Products-Proposed Regulation for Use of Common Name & Listing of Ingredients	42
7/24/74	Budget Overview-1976 -----	43

- 1-Specifically approved & adopted OPPE (or Joint) program or proposal.
- 2-Approved or adopted OPPE criteria; directed Bureaus to use them.
- 3-Considered OPPE recommendation, but ultimate disposition was contrary to OPPE recommendation.
- 4-Returned to OPPE with further directive.
- 5-Reference to minor section of lengthy OPPE memo. No further response.
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- 7-Summarized or circulated OPPE's memo. No further response.
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- 9-No response recorded, or Commission action contained no mention of OPPE memo.

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(*Source: Commission Minutes from FTC's Office of Asst. Secretary for Minutes.)

APPENDIX IV

ANTITRUST AND TRADE REGULATION REPORT

HIGHLIGHTS

Occidental Sues To Block Standard (Indiana) Takeover Attempt: Climaxing several weeks of rapid developments, Occidental Petroleum Corp. files suit to prevent a takeover attempt by the Standard Oil Co. of Indiana. The acquisition, the complaint alleges, would create the eleventh largest company in the United States, eliminate substantial horizontal competition, and accomplish substantial market foreclosure. Occidental is the largest nonintegrated purchaser of domestic crude oil in the United States, while Standard is a leading refiner—page A-1.

President Ford, Sarbe Comment on Antitrust Policy: While the DOJ's suit against A.T. & T. has the President's full approval, he will not be passing judgment on every suit contemplated by the Antitrust Division, although he expects the Justice Department to make its own antitrust enforcement decisions within "broad guidelines" set by the White House. Meanwhile, Attorney General Saxbe revealed the Antitrust Division is conducting economic studies of activity in a number of concentrated industries. The studies may prompt antitrust investigations—page A-5.

Policy Director Questions FTC Priorities, Urges Program Reform: The Federal Trade Commission's chief policy seriously questions the Bureau of Competition's approach to antitrust enforcement and recommends major changes in the Consumer Protection Bureau's planned activities. He also urges the Commission to drop or curtail a number of investigations, place more reliance on market forces as a guarantor of free competition and pursue only those cases that will produce consumer benefits measurable in "dollars-and-cents terms."—pages A-10, E-1.

Senate Passes Consent Decree Bill Again: The Senate passes and sends back to the House S. 782, which substantially raises criminal antitrust penalties and reforms consent decree procedures. Both bodies have already approved the measure in slightly different form, and the House must now approve the revised Senate version—page A-14.

ADMINISTRATION

FTC: Policy director questions FTC priorities, urges agency programs reform—A-10.

FTC: Halverson outlines increased use of arbitration as antitrust remedy—A-7.

Policy: Ford, Saxbe outline antitrust policy—A-5.

Supreme Court: Response of Carolina denied review—A-24.

JURISDICTION AND PROCEDURE

Attorneys' Fees: Discovery into class action plaintiffs' and their attorneys' financial arrangement barred by Tenth Circuit mandamus order—A-9.

Attorneys' Fees: Securities class action litigation brings \$800,000 in fee awards—A-21.

Class Action Determinations: Pneumatic tool plaintiff denied class action certification—A-6.

Consent Decrees: Senate passes consent decree bill again; sends it back for final House action—A-14.

Depositions: Witness in civil antitrust case may decline to answer questions on grounds of self-incrimination—A-5.

Motion to Amend Complaint: Amendment of complaint to include predatory pricing charge granted—A-23.

RESTRAINTS AND MONOPOLIES

Artificial Christmas Trees: Consent decree proposed to settle Clayton Seven suit—A-0.

Computers: Computer Industry Association proposes three new laws to curb monopoly—A-24.

Labor: Flight school and pilots' union both used new contracts to force default of competing school, says Fifth Circuit, affirming \$120,000 award—A-19.

Mobile Home Transporters: Three leading transporters charged with price fixing and monopolization—A-8.

Produce Wholesalers: Justice seeks revision of 1954 consent decree—A-13.
Profit-Sharing Plans: Exclusion of nonvested, terminated employees from non-contributory profit-sharing plan is no antitrust violation—A-16.
Real Estate: Justice Department plans survey of real estate boards' price fixing—A-23.
Subpoenas: DOJ subpoenas building contractors' and labor union records—A-24.

PRICE FIXING

Conscious Parallelism: "Price leaders" and "open price policy" practiced by metal culvert manufacturers was illegal price fixing, says Canadian Court—A-2.

MERGERS

Bowling Alleys: Private plaintiff wins divestiture of five Brunswick bowling centers along with earlier \$1.5 million treble damages award—A-17.
Petrocumb: Occidental sues to block Standard of Indiana takeover attempt—A-1.

REGULATED INDUSTRIES

Airlines: Brinegar predicts storm for U.S. International fleet—A-25.
Airlines: FTC asks CAB to reconsider abolishing "affinity charters," proposes alternative—A-18.

DECEPTIVE PRACTICES

Canada: Falsely understated price of travel tour violates Canada's deceptive practices law—A-2.
False Advertising: Claims that Listerine mouthwash cured colds are false, says FTC ALJ—A-22.

STATE DEVELOPMENTS

Deceptive Practices: Pennsylvania "state" agency enjoined—A-28.
Exhaustion of Remedy: Ma Bell's tariff on plug-in telephone answering device is question for State's Public Service Commission, says Maryland court—A-25.
Fair Trade: California re-examines fair trade laws—A-27.
Franchising: Franchisor seeks declaratory judgment holding Arkansas royalty fee provisions unconstitutional—A-26.
Home Improvements: Pennsylvania consent decree requires completion of services and refunds to dissatisfied homeowners—A-27.
Summary Judgment: California court reverses summary judgment; to be used "sparingly" in antitrust cases—A-27.
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Seeburg-Commonwealth United Litigation, In re—A-21.
Sherman v. Mertz Enterprises—A-27.
Treadway Companies, Inc. v. Brunswick Corporation—A-17.
U.S. v. Morgan Drive Away, Inc.—A-8.
U.S. v. American Technical Industries, Inc.—A-9.
U.S. v. Providence Fruit & Produce Building, Inc.—A-13.
Warner-Lambert Co., In re—A-22.

**THE 1976 BUDGET OVERVIEW PREPARED BY THE FEDERAL TRADE COMMISSION
OFFICE OF POLICY PLANNING AND EVALUATION**

I. INTRODUCTION

"... [I]f we cannot measure the effects of policies, the society is incapable of rational behavior—rational behavior is behavior appropriate to the ends in view, and means cannot be appropriate if their effects are unknown."—George J. Stigler

"Difficult though the task may be, costs and benefits must be assessed in formulating rational public policies."—F. M. Scherer

Law cannot have or be given meaningful content unless those charged with its enforcement understand and are guided by the underlying purpose and objective of that law. This is particularly true of antitrust and consumer protection law, which is quite general and open-ended. Such deficiencies as may exist in the past performance of the Federal Trade Commission, appear to have resulted in large part from past failure to grasp, to articulate and to be guided by the basic purposes and objectives of the laws which it is charged to enforce.¹ Comfort may be gained from the fact that the Commission has not been alone in this regard. But that does not solve the problem.

It has been suggested that the problem has been primarily one of management. The Commission is responding to this suggestion by installing a massive new management system, the need for which seems to be generally accepted by all concerned.² The success of this management system and its effects on overall performance is yet to be weighed.

Success, however, and significant future³ improvement in performance without facing the underlying problems of policy planning may come hard. For it has been doubted that "mismanagement is more than a symptom of the agency's underlying problems." One of these problems, it has been suggested, is "the unsoundness of the assumptions that underlie most of the Commission's activities."⁴

There is a substantial and growing body of work in the field of industrial organization by which these assumptions may be tested. There are important new developments in the area of consumer behavior which can be used for the same purpose. An important part of the job of OPPE is to question assumptions and to measure them by the standards of the best and most recent work available. If these assumptions are wanting, that fact must be stated.

One need no agree that most Commission activities are based on unsound assumptions in order to go along with the idea that such assumptions must be examined closely. They must be examined closely in the context of the basic purposes and objectives of the laws which the Commission is charged to enforce. These purposes and objectives must be consulted because the policy objective "to enforce the law" does not provide practical guidance in allocating resources.

¹ See Henderson, *The Federal Trade Commission* (1924); Professor Posner states that: "The criticisms of this (ABA) committee were anticipated by the Hoover Commission in its 1949 report on the FTC in such detail as to make the present study little more than an updating of that report. And 25 years earlier a perceptive study of the FTC by Gerard Henderson had reached similar conclusions." Separate statement of Richard A. Posner (*Report of ABA Commission to Study the FTC*) following fn. 44. See also Wagner, *The Federal Trade Commission* (1971); Cox, et al., *The Nader Report on the Federal Trade Commission* (1969).

² Including, most certainly, OPPE.

³ Future improvement is stressed. This paper does not intend to imply that substantial and significant recent improvement has not been made. The job of OPPE is to help continue those improvements and to expand them if possible.

⁴ Posner, *supra*.

Unless resources are allocated equally among the various laws the Commission has been given to enforce or allocated on a random basis, a tool adequate to the job of informed resource allocation must be forged. The rough outline of that tool can be found in the purposes and objectives of the laws among which the Commission must sort its limited resources.⁶

We submit that the basic objective of these laws is to maximize consumer welfare. Success or failure in accomplishing this objective should be measured in terms of the consumer's economic well-being. We are not aware of any other operationally viable objective available to the Commission in setting priorities. The choice as to which programs should be undertaken, which given priority and which deferred, should be made on the basis of their expected economic impact on the consumer in dollars-and-cents terms. Those programs which will produce the greatest economic benefits for consumers should be given the highest priority.

We are not proposing a theory of nullification. We are instead, taking Congress at its word. Throughout the legislative annals of our underlying statutes there are strong indications of intent to aid the consuming public. The sense of such a desire is strongly supported by the teachings of modern welfare economics. Rejecting the cynic's view that such indications were mere demagoguery, we feel the Commission should take heavily into account the overriding goal of consumer welfare in deploying its limited resources. Even if other values are given expression, their cost should be measured by the lost opportunities to enhance consumer economic welfare which their pursuit will necessarily occasion.

The techniques of cost/benefit analysis can assist the Commission in determining the economic benefits which a program can be expected to produce. The capability to produce reliable benefit estimates does not exist in many areas. That fact must be recognized by all concerned. It should not be used as an excuse, however, for not facing hard questions. If benefits can be specified with reasonable certitude after a bona fide attempt, fine. If not, usually because of infirmity in the available data, the proponents of any proposal should set forth with rigor and precision the economic theory under which it is argued that the proposal will benefit consumers.⁷

As a general proposition, consumer economic welfare will be maximized when consumers have available:

- (1) the information to make reasonably well informed choices between competing products, and
- (2) an opportunity to buy the products chosen in a market that is free from artificial restraints on competition.

The Commission's mandate to prevent "unfairness" can best be achieved by programs designed to achieve these two conditions. The Commission should place more reliance on market forces; programs should be designed to insure that such forces operate freely and effectively for the benefit of consumers. These considerations are encompassed in the following general statement of proposed Commission objectives:

Maximize the economic well-being of the consumer

A. Reinforce and complement market forces so that consumers have the opportunity to obtain the information needed to make a reasonably informed choice between competing products.

(1) Prevent the distribution of false information in those circumstances where the dissemination cannot reasonably be expected to be counteracted as a result of market forces, where such information would materially alter consumers purchasing decisions to their economic detriment, and where reasonably effective private remedies are not available to such injured consumers.

(2) Where such information cannot reasonably be expected to be supplied as a result of the operation of market forces, stimulate the furnishing of that minimal

⁶ Ground rules would facilitate meaningful conversation about policy. The first might be that the statement, "We must enforce the law" is impermissible. It usually means that the speaker favors the program under discussion but has not probed or does not wish others to probe for the real reasons why. It is precisely this probing and the consequent exposure to sunlight, however, that constitutes a policy dialog.

⁷ This point was recently made in *Missouri Portland Cement Co. v. Cargill*, 670 ATRR F-1 (July 2, 1974). In urging more precise explication of alleged anticompetitive effect, Judge Friendly stated that "mere recitation of the 'deep pocket' shibboleth . . . [is] not enough."

product information necessity to permit consumers to make reasonably well informed product choices.

B. Attempt to create conditions in the market so that consumers have the opportunity to purchase goods and services at a price that results from the operation of a market free from artificial restraints.

(1) Prevent the imposition of artificial restraints that have the effect of increasing price and restricting output.

(2) Remove such output restricting and price raising artificial restraints as may presently exist in the market.

There need not be any significant conflict between an economically oriented Commission program and one based or justified on other grounds. The results of an economically based policy decision will in most cases conform to the results of programs based on social, legal, political or moral grounds. The opposite, however, will usually not be true.

Even in those cases where the Commission rejects economic benefit to consumers as its primary objective, the economic analysis must serve as a starting point. No matter what other goals the Commission decides to pursue it cannot pursue them rationally without a clear knowledge of the economic costs and benefits involved. If other than economic criteria as a basis for policy decisions are used, however, they should be made explicit. Only then can this office and the operating staff take account of such policy judgments in forging future programs.

The discussion below will attempt to ask questions, the answers to which will hopefully shed some light on the economic benefits derivable from possible commission programs. It will question the assumptions on which many of these programs are based. The ultimate touchstone in each case will be the effect on the economic welfare of consumers. Suggestions for new programs will also be made. A brief summary of our conclusions is forwarded under separate cover.

II. COMPETITION

A. Industrywide matters

Table I lists those matters which the Bureau of Competition characterizes as "industrywide."⁷ The table also lists the resources currently estimated for fiscal years 1975 and 1976 and, wherever the information was available, the estimated resource allocations for fiscal years 1974 and 1975 (estimated as of July 13, 1973). These matters will consume 71 percent of all Bureau resources in fiscal year 1975 and 77 percent in fiscal year 1976, in both cases leaving compliance resources out of the calculation.⁸

Analyzing proposed activities in an industry context is consistent with past recommendations of this office.⁹ It also makes good economic sense. Still to be answered, of course, are the questions :

1. Are the benefits of any activity likely to exceed its costs ; and
2. What standards are used for program or case selection?

Insight is provided on this latter question by the Bureau Director's remarks before the Ohio Legal Center Institute on June 21, 1974.¹⁰ After some preliminary discussion of the market concentration doctrine, we shall focus on industrywide program or case selection standards in the context of these remarks. We shall then turn to some of the individual matters listed in table I. They will be examined primarily in the context of our discussion of program and case selection standards and in the context of the 1973 OPPE Annual Planning Report.

Underlying the movement to industrywide approaches is the proposition that section 5 of the Federal Trade Commission Act provides a broader, less restricted, approach to the monopoly and oligopoly "problems" than does section 2 of the

⁷ The discussion here tracks the Bureau's budget categories "A," "B," "C," and "DA." It is difficult to track matters from fiscal year 1974 and the fiscal year 1975 estimates made a year ago. The new budget system adopted by the Bureau puts both structural and conduct matters in the "Industrywide" category. The matters set forth in table I were scattered throughout last year's budget overview, some have been consolidated with other matters and some did not exist. As a result, we have not been able to come up with fiscal year 1974 and previously estimated fiscal year 1975 figures on some matters.

⁸ If compliance resources are included in the total, the percentages are 54 and 61, respectively.

⁹ See I Annual Planning Report, OPPE, March 1972, at 20-21.

¹⁰ Attachment 1; hereafter referred to as "Remarks." [Ed. note: Not here reproduced.] See 669 ATRR D-1.

Sherman Act. It appears that on the basis of this proposition the Commission has committed an increasing number of resources to this area and that it will be asked to commit even more. Relief in industrywide matters is to be either in the form of divestiture orders or "a number of different conduct prohibitions which would have the effect of eliminating clogs on a free and open competitive situation * * *"¹¹

The market concentration doctrine

The proposal to increase substantially resources devoted to the monopoly and oligopoly problems is based primarily on the so-called "market concentration doctrine." The basic tenet of this theory is that high concentration is attended by higher than "normal" profits. These high profits are generally taken as a proxy for the existence of market power; i.e., the ability to restrict output and thereby to raise price above the level that would exist in the absence of output restriction.

TABLE I.—BUREAU OF COMPETITION, RESOURCE COMMITMENT TO INDUSTRYWIDE MATTERS¹

Bureau of Competition reference code and activity	1974 estimate	1975 estimate (as of July 13, 1973)	1975 estimate (current)	1976 estimate
AA—Petroleum industry.....	15.0	15.0	14.0	18.0
AB—Energy study.....			16.0	19.0
BA—Grower-producer.....		0	1.5	1.5
BC—Manufacturer-processor.....				
BCA—Food product manufacturers—mergers and industrywide analysis.....			3.5	5.5
BCB—Dairy mergers (policy statement).....	2.0	2.0	3.0	2.0
BCK—Breakfast cereal.....	3.0	6.0	4.0	4.0
BCL—Wine.....	1.0	2.0	2.0	3.0
BCM—Beer.....	1.0	3.0	3.0	4.0
BCN—Coffee.....			1.5	1.5
BCO—Bread (ITT Continental—transfer from RP).....	.5	.5	2.0	3.0
BDB—Dairy case products.....			1.5	2.0
BDD—Soft drink bottling.....	2.0	1.0	2.5	1.0
BDM—Food marketing mergers (except chain stores).....			.5	.5
BDX—Food marketing practices (n.e.c.).....			1.5	2.0
BEM—Food distribution mergers (policy statement).....	.3	.3	.5	.5
BDP—Food retailing (n.e.c.).....			4.5	5.5
BEA—Soybeans.....			2.5	4.0
BFB—Grain markets.....			3.0	5.0
CAA—Drugs.....			4.0	8.0
CAB—Laboratories.....	.5	.5	1.5	1.5
CAC—Hospital supplies.....	3.0	5.0	2.5	2.5
DAA—Auto crash parts.....	5.0	5.0	2.0	3.0
DAB—Office copiers.....			3.0	3.0
DAC—Detergents.....			1.5	3.0
DAE—Household appliances (white goods).....			1.0	2.5
DAF—Title insurance.....	2.0	2.0	5.0	6.0
DAG—Car rental.....			2.5	2.5
DAH—Toys and games.....			1.0	1.5
DAI—Greeting cards.....			1.0	2.0
DAJ—TV tube envelopes.....			.5	1.0
Total.....			93.0	126.0

¹ This table reflects Bureau of Competition Budget Categories A, B, C and DA.

² (RO).

A correlation between high concentration and high profits was shown in the early work of Professor Bain¹²; and other work has generally shown positive but loose relationships as well. Recent studies have, however, questioned the persistence of such a correlation over time, or, indeed, even its existence to any significant degree.¹³

¹¹ Remarks at 31.

¹² "Relation of Profit-Rate to Industry Concentration: American Manufacturing, 1936-40," Q.J. Econ., Aug. 1951, pp. 293-324.

¹³ The literature and the recent evidence in this field has recently been reviewed by Demsetz, "The Market Concentration Doctrine," AEI-Hoover Policy Study 7, August 1973. See also Demsetz, "Industry Structure, Market Rivalry, and Public Policy," 16 J. L. Econ. 1 (1973).

On this question the Stigler task force report commented:

"Concern with oligopoly has led to proposals to use the antitrust laws (perhaps amended) to deconcentrate highly oligopolistic industries by dissolving their leading firms. We cannot endorse these proposals on the basis of existing knowledge. As indicated, the correlation between concentration and profitability is weak, and many factors besides the number of firms in a market appear to be relevant to the competitiveness of their behavior."

The debate among economists on this point has somewhat of a theological quality. Without getting involved in the details of the empirical work, however, it is certainly safe to say that there is disagreement on the question of whether or not there is a significant correlation between profits and concentration. There is also serious question as to whether or not such a correlation, when observed, will persist over time.

In our view, however, there is a much more serious question here, assuming that such a correlation may be observed and assuming even that it may persist for a significant period of time. That question is: What causes a correlation between concentration and profits?

It is generally conceded that the fewer number of firms present in a concentrated industry facilitates collusion.¹⁴ There is no question that successful collusion restricts output, increase profits (or reduces losses), misallocates resources and reduces consumer welfare. The argument that the performance of a concentrated industry will be improved by deconcentration (divestiture) is based on the proposition that the presence of a greater number of firms will make collusion more difficult. It is through that a larger number of firms will increase competition, reduce the incidence of successful collusion and thereby improve resource allocation, reduce prices and improve consumer welfare.

As is the case in many areas of economic analysis, a simple statement of the basic theory raises questions that might otherwise have gone unasked or focuses attention on matters that might otherwise have gone unnoticed. The first point clarified by this articulation of the theory by which observed correlations between concentration and profits are sought to be explained is that neither profits nor concentration are the problem. The problem is collusion.

While this might be thought to be obvious, there is a tendency for the proxy (concentration and profits in this case) which economists use to seek the underlying problem (collusion), gradually to become thought of as the problem itself.

This may have happened to some extent in the statement of case selection criteria set forth in the remarks. That statement is concerned primarily with structure and exclusionary behavior. But there are many other factors which affect the ability of firms to collude.¹⁵ While we will discuss this problem in greater detail in connection with our comments on the Thompson circulation, we mention it here as an example of the difficulties that may arise when proxies are confused with underlying problems.

One other point worth noting preliminarily is that any correlation between high profits and concentration may be explained by the existence of socially desirable efficiencies. Some economists argue that the existence of economies of large scale operation provides just as acceptable an explanation of a correlation between concentration and profits as does the collusion hypothesis. At the very least, the possibility that such a correlation may be grounded in the existence of socially desirable economies of scale rather than in collusion forces us to think further about the problem.

For if concentration results from productive efficiency, deconcentration will cause productive inefficiency. And productive inefficiency will likely cause higher prices to consumers and an even less desirable allocation of resources that existed before a deconcentration remedy was applied. It is hard to see why deconcentration of an industry is sensible if the result is inefficiency and higher prices to consumers.

We are close to a dilemma. We wish to preserve and encourage efficiency and we wish to prevent collusion. And yet high profits in a concentrated industry

¹⁴ It can hardly be denied that, *ceteris paribus*, fewer firms will reduce the costs of collusion. There are many other factors that affect the ability to collude. See Commissioner Thompson's circulation of June 28, 1974 and authorities there cited. In addition, as the discussion here points out, collusion is not the only, or even the most plausible in some cases, explanation of high profits.

¹⁵ In addition to the number and size distribution of firms, the following factors are important:

- (1) Simplicity of product.
- (2) Technological stagnation.
- (3) Barriers to entry.
- (4) Inelastic demand.
- (5) Number and size of buyers (possibility of backward integration).
- (6) Absence of product differentiation.
- (7) Strength of trade association, if any.
- (8) Frequency of unstable conditions in industry.
- (9) Relationship of fixed and marginal costs.

See McGee, *Ocean Freight Rate Conferences and the American Merchant Marine*, 27 U. Chi. L. Rev. 191, 197-204 (1960); Kuhlman, *Nature and Significance of Price Fixing Rings*, 2 Antitrust Law & Econ. Rev. 69 (1969); Erickson, *Economics of Price Fixing*, 2 Id. 83.

may result from either (or perhaps both) of those factors. In short, it seems clear that any rational approach to an industry analysis must take account of both efficiency and collusion. There are several ways in which this might be done. We discuss briefly one recent suggestion.

Let us assume two industries each having four large firms with about 80 percent of the market and a number of small firms. In one industry (A) all firms show higher than normal profits. In the other industry (B) the four large firms have high profits but the small firms do not. Can we tell anything about the probable existence of collusion or efficiency from this profit and structural data alone?

We would venture the preliminary guess that industry A suffers from collusion and that industry B is blessed with economies of large scale. For if the large firms are colluding effectively, prices will be held significantly above production costs. The small firms should be able to sell their output at or slightly below the prices set by the large firms. If the small firms are not significantly less efficient than the large firms (if significant economies of scale are not present), they too should be enjoying high profits.

The fact that they do not enjoy these high profits in industry B suggests that their costs are higher than those of the larger, more profitable leaders. This is, of course, only another way of saying that industry B seems likely to be characterized by economies of scale.¹⁶

Harold Demsetz has recently analyzed 95 three-digit industries in terms of concentration and the relative profit rates of large and small firms.¹⁷ He found that there was a correlation between concentration and the profit rates of larger firms. There was no such correlation, however, as to the smaller firms in concentrated industries.¹⁸

A similar study, with perhaps even more suggestive results from the point of view of policy planning at this Commission, has been made by Paul W. McCracken and Thomas Gale Moore.¹⁹ In an attempt to distinguish between the collusion and efficiency explanations they also analyzed data on rates of return and concentration for industry groups on which company data were available from the FTC "Report on Rates of Return in Selected Manufacturing." They hypothesized, correctly it seems to us, that under either of these explanations the largest firm in concentrated industries should have higher profitability than

¹⁶ There may be some collusion among the large firms in industry B. But since the small firms are not making high profits, any collusion by the large firms is limited by the extent to which they are in fact more efficient than the small firms. The large firms must be practicing limit entry (expansion of small firms) pricing. It would theoretically be possible to destroy the profits of the large firms by deconcentrating them and rendering them equally inefficient with the small firms. But that would not reduce prices or improve consumer welfare. And it would make resource allocation less efficient than before (the deconcentrated firms would be using more resources to produce the same output as before). And both public and private resources would have been expended in the deconcentration proceeding. A policy of doing such things would be dubious.

¹⁷ Demsetz, "Industry Structure, Market Rivalry, and Public Policy," 16 J.L. Econ. 1 (1973).

¹⁸ The table showing the results of his work is:

TABLE 1.—RATES OF RETURN BY SIZE AND CONCENTRATION
(UNWEIGHTED)

[In percent except where noted otherwise]

C ₄₁ (percent)	Number of Industries	R ₁	R ₂	R ₃	R ₄	R
10 to 20.....	14	6.7	9.0	10.8	10.3	9.2
20 to 30.....	22	4.5	9.1	9.7	10.4	8.4
30 to 40.....	24	5.2	8.7	9.9	11.0	8.7
40 to 50.....	21	5.8	9.0	9.5	9.0	8.3
50 to 60.....	11	6.7	9.8	10.5	13.4	10.1
Over 60.....	3	5.3	10.1	11.5	23.1	12.5

NOTE.—Where C₄₁ is the four firm concentration ratio measured in industry sales : R₁, R₂, R₃ and R₄, respectively, measure accounting rates of return (profit + interest)/total assets for firms with asset value less than \$500,000, \$500,000 to \$5,000,000, \$5,000,000 to \$50,000,000 and over \$50,000,000.

¹⁹ Testimony before Senate Subcommittee on Antitrust and Monopoly, Mar. 29, 1973 (AEI reprint No. 23, June 1974).

the largest firm in unconcentrated industries. They found that the data provided some support for this but that even here the empirical support was weak.

With Demsetz they then suggest that the largest firm would not be the sole beneficiary of collusion. They submit, also correctly it seems to us, that: "One would expect all firms to benefit from lack of rivalry [collusion] among them." The data show, however, that not even the second largest firm enjoys any advantage from concentration.

In fact, they found that the profit performance of second largest firms in concentrated industries was poorer than that of the second largest firms in unconcentrated industries. This finding is very significant. For if efficiencies are strong in an industry we would expect the industry to be concentrated and its larger sized units to be the most profitable. Smaller units, even the second largest, will not have achieved all potential size economies as frequently as their larger rivals and this cost disadvantage will show up in poorer profit performance precisely because the larger firm uses its cost advantage competitively.

They conclude that the data supports the proposition that unconcentrated industries are organized that way because small firms are efficient and concentrated industries are organized that way because the larger units are efficient.

These findings strongly suggest that efficiency is the most plausible general explanation for any observed correlation between concentration and profit rates. They make it essential that the efficiency hypothesis be given great weight in the case selection processes of this Commission. They strongly support the proposition that respondents be permitted to raise the efficiency defense in industry matters (and in significant merger matters). And they suggest an ingenious device by which this can be done in a relatively simple and straightforward way: comparison of profit rates between the larger and smaller firms.²⁰

Let us turn more specifically to the standards suggested for industrywide case or program selection in the remarks. It is there stated that there are certain provable performance factors for certain concentrated industries which indicate that the industry may have competitive problems which antitrust has a definite role in solving. These include:

"(1) Prices and profits which are relatively higher than they would be in more competitive markets,

"(2) The virtual impossibility of new entry and deteriorating competitive viability of smaller firms, and

"(3) Conduct by leading firms which is designed to reinforce their market dominance and prevent new entry."

It is also stated: "The presence of concentration and high profits is a clue; a lead for us in our planning—but the inquiry does not terminate at that point. Other criteria must be met before the staff will pursue an intensive investigation to support a complaint."

These criteria are set forth under the specific heading of "Case Selection":

"When a certain industry is subjected to investigation, the staff may find that a high degree of concentration exists among the leading firms. Assume that this is coupled with a consistent pattern of higher than average profitability among industry leaders that is not shared by the smaller firms in the industry and that there has not been significant new entry into the industry for some time, or that smaller firms generally maintain a fixed competitive position vis-a-vis the industry leaders. At that point, we have an indication that more in-depth industrywide analysis may be appropriate. But a number of questions still must be answered.

"First, we must consider whether we are looking at a new industry which has not yet attracted entry; or an industry which requires a high degree of technological capability which only few firms possess; or an industry in which the market position of one or more firms rests on legitimately acquired and utilized patents, copyrights, trademarks, or technological know-how which bar effective entry; or a dying industry which will no longer support more than a few firms (although high profits in this situation seem unlikely).

"To my mind, another essential condition for proceeding against one or more firms in a concentrated industry is the existence of exclusionary behavior. The existence of clearly definable exclusionary behavior, and the nature of such practices, will often determine the type of complaint and the type of relief we will

²⁰They also raise some question as to the appropriateness of the suggestion in the Remarks that the Bureau of Competition would use the fact that smaller firms do not share in the high profits as a signal to proceed with an investigation.

see. An industry may indeed be highly concentrated and highly profitable for the major firms. But unless those firms are jointly, interdependently, and/or individually engaging in behavior which has the probable effect of excluding would-be entrants or suppressing the competitive opportunities of smaller competitors, we would be skeptical of any action.

"It is not only the existence of exclusionary practices which interests us. Their pervasiveness throughout the industry, their duration, and the degree to which they exhibit some kind of collective or interdependent behavior are all factors we consider in determining whether to recommend a multifirm complaint or a series of complaints against individual firms."

As a general proposition the above language raises many of the questions to which we should address ourselves before committing additional resources to this area. We address the specific points:

(1) Prices and profits which are relatively higher than they would be in more competitive markets. We discuss prices and profits separately.

(a) Relatively higher profits.

(i) The "declining industry" problem: One problem with focusing on profits as an initial clue or lead for planning is that some industries which may be characterized by collusion will not be uncovered. As the "case selection" criteria set forth above recognize, high profits are not likely to be found in a "dying industry" which will no longer support more than a few firms.

"Dying" industries, however, may be more likely to be characterized by collusion than those which are relatively stable or expanding.²¹ The competitive pressures are likely to be especially severe in a declining industry and the pressures to collude (in effect to postpone the day of extinction) correspondingly greater. The attempts to cartelize the coal industry during the 1920's, the domestic glass blowing industry and the European experience with so-called "rationalization cartels" all support this proposition.

Consumers are, of course, injured just as much by collusion in dying industries (those in which "high" profits are not made in spite of collusion) as they are by collusion in other industries. For the basic evil of collusion is not "high" profits. It is the misallocation of resources that results.

If the incentives for collusion are great in declining industries and if the possible existence of collusion will not be signaled by high profits, then some other technique of locating areas with a high propensity for collusion must be developed. At least this is true unless the Commission does not wish to pursue collusion that does not produce higher than normal profits. There is no obvious reason why this should be the case, however.

It appears rather that the reason the staff would not generate such cases, which it would not do under the above case selection criteria, is because of an excessive reliance on the presence of high profits as an indication of undesirable conditions.

(ii) Collusion without profits in nondeclining industries: There are also serious questions as to whether or not the test of "high" profits will uncover collusion in stable or expanding (nondeclining) industries. One way to test the proposition that collusion, whether facilitated by fewness of firms (concentration) or by other factors, will be characterized by above normal profits is to find industries that are clearly characterized by collusion and examine the profit rates of those industries. If we find collusion and no high profits we might be led to suspect: (1) A profit test will not uncover all cases of collusion; and (2) The existence of high profits may not be explainable by the collusion hypothesis (which is we shall recall the basic explanation proffered for any observed correlation between concentration and supranormal profits).

Off the top of our heads we offer three industries which are clearly characterized by collusion and in which profit rates are not such as to attract the attention of the Bureau of Competition under their profit rate test. In two cases—airlines and trucking—collusion cannot be prevented under existing law; in the third—securities transactions—collusion has been the industry way of life from the beginning. In the latter case, of course, changes have been made or are in the wings.

Cooperative rate setting in the "regulated" trucking industry has been exempted from applications of the Sherman Act by the Reed-Bulwinkle Act. Horizontal price fixing in that industry, carried out under the aegis of the ICC, has become a national scandal. Prices are higher than they would be under a regime of

²¹ See Erickson, "Economics of Price Fixing," 2 Antitrust Law & Econ. Rev. 83 (1969).

competition. Resource misallocation is estimated to cost the society from \$4 to \$10 billion per year.²² According to Standard and Poors Industry Surveys the profit margin for this industry in 1972 was approximately 11.3 percent.

The domestic airline industry is also blessed with a complete absence of price competition. In addition to that, entry barriers are for all practical purposes total and complete. While there has been variation in route awards over the years, not a single new entry has been permitted into the domestic trunk market since the CAB was established to protect the airlines' interests. That industry had a profit margin of about 13.3 percent for 1972.

Comment need hardly be made on the profit situation in the securities industry, in which price fixing has been present since the beginning. The demise of brokerage firms in the recent past, in spite of the continuation of fixed commission rates on many transactions, is common knowledge. Perhaps the most striking indication of the condition of this industry is what has happened to the price of admission tickets to the industry's leading cartel operator—the New York Stock Exchange. Their sale price, a reflection of the expected profit from membership is but a fraction of what it was in former times.²³

The point of all this is that we need a better tool than high profits to uncover collusion. This lack of correlation between high profits and collusion where collusion can be identified also raises questions as to whether or not collusion is an adequate explanation of any observed correlation between concentration and profits.²⁴

(b) Relatively higher prices.

The use as a clue or lead in planning of prices which are relatively higher than they would be in more competitive markets is more soundly based in economic theory than the use of relatively higher profits for such purposes. It may be difficult in many cases, however, as a factual matter to show that prices are higher than they would be in "more competitive markets."²⁵ And there are some problems worth noting in the question of what is meant by "more competitive markets." Once again the question of productive efficiency is crucial. It is worth distinguishing it from the idea of allocative efficiency, which we take to be the economic goal of "competition" as that word is used by the Bureau of Competition.

Once again let us use a simple example to make the point. Suppose that automobiles are manufactured in much the same way that houses are now made. The auto industry would then have a large number of firms. Suppose for simplicity that it had 100 firms and that other conditions were such that the industry could be said to be perfectly competitive.

In such a perfectly competitive industry allocative efficiency could not be improved; that is, it would not be possible to increase productivity by moving resources from one firm to another. Automobiles would be sold at a price exactly equal to the cost of producing them.²⁶ "Competition" would reign supreme, even though the price of cars, not unlike houses, might strike us as terribly high (because of the high costs of producing cars in this way).

Suppose now that a new and much cheaper way of making cars is discovered. Suppose that this technique is such that one firm comes to occupy the entire industry—"a natural" monopoly comes into existence. This is to say only that there are such large economies of scale that the market can support only one firm.²⁷ This monopolist will, of course, act like any good monopolist (or any other firm): to make the most money possible. He will do this by restricting output and raising price.

²² Moore, Freight Transportation Regulation 81 (1972) and authorities there cited.

²³ In 1960 the high transfer price was \$515,000; on July 15, 1972, a seat sold for \$70,000.

²⁴ This is not to say that high profits can never result from collusion. They surely can, especially in the short run. It is to say, however, that collusion can exist without high profits and vice versa.

²⁵ It is certainly more difficult than reading a printout of concentration ratios prepared by the Census Department, or of profit rates reported in the line of business program or Fortune Magazine.

²⁶ This would always be true of marginal cost. If the industry were in equilibrium it would also be true of average costs. We can make the basic point, however, without getting into the details of the dismal science.

²⁷ The long run average cost curve declines over that range of output that the market will take at a price that covers production costs. This may also be an apt description of so-called "dying" industries. The size of the market is simply not large enough to support more than one or a few firms of a size sufficient to achieve the available economies of scale.

Raising price above what? Surely not above the price that existed when the industry was perfectly competitive! If he raised his prices that high the previously existing 100 firms would still be around and there would be no monopoly. His price will be much lower than the previous "competitive" price because his costs are so much lower. He will maximize his profits by charging a lower price²⁸ than was charged under perfectly competitive conditions.

What is it, then, above which our monopolist has raised his price or below which he has restricted his output? Unfortunately, there does not appear to be anything in the real world as to which this can be said. This is the case, at any rate, if we limit ourselves to those conditions which can be created by the operation of a market system, even one which is assisted by benign application of the antitrust laws.

We would, of course, be better off if we could have an industry of 100 firms each of which had the low costs of our monopolist. For then we would achieve the allocative efficiency of the perfectly competitive market and the economies of large scale production with which our monopolist was favored. But that is not possible. In our example, in order to have one (the allocative efficiency of perfect competition) we must give up the other (the low costs that result from economies of scale) or vice versa. This is, simply a statement of the underlying and usually unarticulated dilemma of antitrust policy: How do we accommodate the basic tension between competition and monopoly (or oligopoly). Judge Hand was unable to deal coherently with this problem and not many have improved on his performance.

We structured the above example in terms of a "natural" monopoly, a phenomenon that antitrust policy fortunately is not faced with very often. But as there may be "natural" monopoly so there may be, and more likely so, "natural" oligopoly. And if the cost structure of an industry (market) is such that only a few firms can achieve the economies of large scale operation, there is no reason to suspect that consumer welfare will be enhanced (prices lowered and resource allocation improved) by divestiture.²⁹ If there is evidence that this result has followed, or is likely to follow, we do not know about it.

The point of all this is that when it is said that prices are "higher" in a concentrated industry, great care must be taken to specify clearly the state of affairs to which comparison is being made. If there are significant economies of scale it may not be possible to lower prices by reducing concentration. Gains on the "competition" side (increases in allocative efficiency) may be offset by losses of productive efficiency. Divestiture or deconcentration in such a case could well raise prices and injure consumer welfare.

This suggests that close attention should be paid to the question of efficiency in any industrywide matter. This importance is recognized in statement of case selection criteria set forth in the remarks. As we shall indicate in our discussion of some of the individual matters listed on table I, the importance of efficiencies cannot be overemphasized. None of this is difficult from an analytical point of view. What we have tried to express verbally can be readily demonstrated by rather elementary economic models.³⁰ Getting the facts necessary to make judgments about tradeoffs between allocative and productive efficiency, however, is another question.

A discussion of the question of how one may determine (or guess) the extent to which economies of scale are present in an industry is certainly beyond the scope of this paper. We wish to leave one caveat, however. An estimate of minimum efficient plant size does not even address the question of efficiency of the firm. We have been told, for example, that a plant need produce only about 5 percent of domestic automobile production in order to obtain all "significant" scale economies. We have also been told that AMC operates the largest single plant in the industry. And yet we observe that GM has a consistently higher profit rate than any other firm in the industry. If it is no more efficient³¹ than other members of the industry, it is difficult to understand how this can happen.

²⁸ The price at which marginal cost equals marginal revenue.

²⁹ Conduct remedies will be treated below.

³⁰ See, e.g., Leibeler, *Toward a Consumers' Antitrust Law: The FTC and Vertical Mergers in the Cement Industry*, 15 UCLA L. Rev. 1153 (1968), at footnote 80.

³¹ It hardly need be said that the question of GM's efficiency is not a function of our own personal opinions as to the utility of their product or whether one thinks that people "should" buy large cars, cars with tall fins, Swedish station wagons, or bicycles.

Happily there are times when observation of relatively simple facts coupled with some rather elementary theory can substitute for more refined empirical work. If there are no significant economies of scale in an industry and if there are large profits to be made we might expect entry to occur. It does, of course, more often than the casual observer might suspect, and, at least by large firms, apparently into profitable, concentrated and growing industries as compared to other industries.²² If it does not occur we are entitled to ask why it does not. And that leads us to the next point on the list of case selection criteria: barriers to entry.

(2) Barriers to Entry.

The second item, after relatively high prices and profits, which the case selection criteria list as a performance factor indicating the likelihood of competitive problems is: "The virtual impossibility of new entry and deteriorating competitive viability of smaller firms." We discuss those items separately.

(a) The Virtual Impossibility of New Entry.

No term of economic art has been more stripped of its economic meaning in the language of the law than the expression "barriers to entry." Its basic economic meaning is straightforward. It is a condition which makes production more costly to a newcomer than it was to the fellow who came earlier. The economists have identified very few such economic conditions.

Most barriers to entry are legal. Certificates of public convenience and necessity, licenses, tariffs, quotas, "professional" qualifications, restriction on advertising, restrictions on price cutting, are only a few. Our new program suggestions focus some of these problems.

Professor Bain listed three basic economic barriers to entry: (i) Economies of scale with respect to the size of the market; (ii) Absolute cost advantages in favor of existing firms (patent protection, good land, smarter people, etc.); and (iii) Product differentiation.²³

Further analysis reduces this list to the first two items. Since the term "product differentiation" has become pejorative in many quarters, it might facilitate cold headed consideration of the matter to refer to Bain's third barrier as the preference of consumers for existing (or known) products. When viewed this way the third barrier becomes nothing more than an absolute cost advantage in favor of existing firms or it ceases to be a true economic barrier to entry at all.

The former conclusion is based on the notion that the new entrant must pay more for the same amount of product recognition than was paid by previous entrants. There is, of course, no obvious reason why this should be the case. The latter conclusion may be reached if consumer preference for the familiar is treated as a capital asset belonging to the firm producing the familiar product. In economic terms it is hard to distinguish this capital asset from the plant in which the product is produced or from any other capital asset possessed by the existing firms. There is no barrier to entry if the newcomer can bring similar assets into existence at no greater cost than existing firms incurred.

²² See Harris, Restructuring by Internal Expansion: The Case for Limiting Mergers Into Oligopoly Industries, 7 Antitrust Law & Econ. Rev. 37 (1974). In examining a sample of 43 industries from 1950-66 Harris found 53 internal expansion entries by members of the 1,000-largest group of industrial firms. He also found, interestingly, that, "The number of entries by internal expansion as a percentage of all entries by these large firms is significantly influenced by: (a) profitability; (b) concentration; and (c) the industry's growth rate but that it was not significantly by barriers to entry in general." He found, in other words, that these large firms were attracted into industries that exhibited two of the characteristics (concentration and profit) about which concern has been expressed. This is, of course, exactly what economic theory would predict.

²³ In addition to economies of scale, Professor Scherer lists the following barriers to entry: "...absolute cost advantages associated with the control (e.g., through patents or secrecy) of superior products, processes or the possession of strategic raw materials; they used to commit large amounts of capital in entering strong consumer preferences favoring established differentiated products; and tariffs and transportation charges increasing delivered costs for potential foreign competitors." Scherer, Industrial Market Structure and Economic Performance at 230. This list is basically the same as the one set forth in the text except for "the need to commit large amounts of capital in entering." We do not take this to be a barrier to entry unless it can be shown that a monopoly of capital has developed subsequent to the time the existing firms entered or expanded. Otherwise, the real capital costs will usually be the same to the would-be entrant that they were to the existing firms when they entered. Real capital costs do not, of course, include higher interest rates reflecting the expectation of future diminution in the value of money (inflation).

Consumer preference for known brands has been given great attention by the economics profession and it plays a large role in some Commission matters. A thorough discussion of the question will not be undertaken at this point, however. The first two economic barriers to entry listed above will be discussed now, in reverse order.

1. Absolute cost advantages in favor of existing firms: This barrier to entry (absolute cost advantages) can exist only if existing firms are for some reason more efficient and are able to produce more cheaply than would-be entrants. They may possess superior technology, patented or not, which can be duplicated by others only at a cost greater than that which was incurred by the existing firms. They may have a superior management system, sales technique or the like.

It would seem that these things are for the most part rather intractable facts of life about which enforcement of the antitrust laws can do very little. This seems to be implicitly recognized in the case selection criteria, which state: First, we must consider whether we are looking at . . . an industry which requires a high degree of technological capability which only few firms possess; or an industry in which the market position of one or more firms rests on legitimately acquired and utilized patents, copyrights, trademarks, or technological know-how which bar effective entry. . . .

The implication seems to be that the presence of these factors rules out, or at least weighs against, favorable recommendation of an investigation or complaint. This is surely correct. The only solution to this state of affairs that is likely to improve consumer welfare is for others to come up with the necessary technological capability, know-how, etc., with which to effect entry.

It is possible to accomplish the "goal" of "easing entry barriers" by destroying the cost advantages enjoyed by existing firms. It may be possible to take away the property that gives them these cost advantages.⁴ But the goal is not just to "ease entry barriers," or at least it should not be. The goal is to reduce prices to consumers and to improve the ability of the market to allocate resources efficiently.

It is hard to think of a legitimate way in which the antitrust laws can accomplish this in terms of affecting absolute cost advantages in favor of existing firms. It is, therefore, difficult to understand how a "high" barrier of this type can justify antitrust enforcement. This "barrier," the fact that some firms are more efficient than others, may indeed bring about "the virtual impossibility of new entry," particularly by inefficient firms. But it in no way, the above case selection criteria to the contrary notwithstanding, provides an indication "that the industry may have competitive problems which antitrust has a definite role in solving."

2. Economies of scale with respect to the size of the market: The proposition, that in many cases scale economies may provide a plausible explanation for any observed correlation between high profits and concentration, has already been discussed. That discussion raised the questions: Why don't other firms enter (or smaller firms expand) to compete away any high profits that may be present. The usual answer is that barriers to entry may be high.

Empirical work in this area places perhaps as much emphasis on barriers to entry as it does on concentration.⁵ The highest profits are found in industries with "very high barriers." For this reason it is important that the analysis of barriers to entry be particularly rigorous.

Perhaps the most important barrier to entry is the same factor suggested as one of the most plausible explanations of concentration itself: economies of scale. Concentration and barriers to entry are in a sense different sides of the same coin: The reason that economies of scale explain the existence of a concentrated industry is that they make entry by other firms unprofitable.

If significant economies of scale are present in an industry a firm can achieve low cost production only by building facilities that produce an output equal to a large share of the total output that the market will take (at a price that covers minimum production costs). The creation of those facilities (entry) is likely to have a significant downward effect on prices in that industry. Entry could well depress existing price levels below the point at which any member of the industry

⁴ Such as a trademark, for example, through compulsory less than market value licensing, or trade secrets. We leave aside the general utility of such a program, or its effects on the future incentive to invest in the production of such useful items.

⁵ See Table 8.1 in Scherer, *supra*, at p. 231.

could recover its minimum average production costs.³⁶ In such a case entry will not occur unless somebody makes a mistake.

While one might get momentarily excited by the obvious fact of "the virtual impossibility of new entry," a moment's reflection suggests that there is no reason from society's point of view why entry by growth should occur into this industry. If consumers do not desire enough of this product so that post entry price covers the minimum average costs of the most efficient firms, consumers would be better off if the resources required for entry were devoted to the production of other, more desired, products.³⁷

The question that all this leads to is the same one asked about the barrier of absolute cost advantages in favor of existing firms. What can the Federal Trade Commission or any other antitrust enforcement agency do about this barrier to entry, economies of scale with respect to the size of the market, that will improve the welfare of consumers? The answer is the same as before: essentially nothing.

The implications of this analysis are quite far reaching for antitrust policy. The existence of high entry barriers has usually been taken as a signal for antitrust action. That is precisely what the case selection criteria set forth above say. But it is hard to see why this should be so if these barriers are thought of in their true economic sense: absolute cost advantages in favor of existing firms and economies of scale with respect to the size of the market. In fact, as often happens when economic analysis is applied to a legal problem, it seems that the animal has been turned on its head.

The above analysis suggests that the existence of economic barriers to entry is a signal to antitrust enforcement agencies to keep their hands off. The likely consequence of intervention is to shift production to higher cost firms, to raise costs of more efficient firms, and to raise prices. Consumers are not likely to benefit.

(b) The Deteriorating Competitive Viability of Smaller Firms.

The implications of what has been said limit the necessity of extended comment on this point. If concentration is permitting collusion, the smaller firms will not be "deteriorating." They will be thriving. If concentration is characterized by efficiency in larger units and if these larger units are competing, the competitive viability of smaller firms is, as well it should be for all inefficient operations, most likely deteriorating.

The decline of smaller firms usually signals the emergence of socially desirable efficiency in other firms and the existence of competition among them. In such a situation the competitive viability of smaller firms can only be assured by programs that keep prices above the levels that would be set by the operation of the market. These programs will be urged by those who desire to prevent competition—usually the smaller firms themselves.³⁸ Such programs are not consistent with the overriding goal of this Commission: the protection and enhancement of consumer welfare.

(3) Exclusionary behavior.

The third suggested key indicator of concentrated industries which may have competitive problems which antitrust has a definite role in solving is:

Conduct by leading firms which is designed to reinforce their market dominance and prevent new entry. A great deal of emphasis is placed on this factor: *** another essential condition for proceeding against one or more firms in a concentrated industry is the existence of exclusionary behavior ***. An industry may indeed be highly concentrated and highly profitable for the major firms. But unless those firms are jointly, interdependently, and/or individually engaging in behavior which has the probable effect of excluding would-be

³⁶ This will depend primarily on the size of the new facilities required to reach economies of scale, the shape of the long run average cost curve of the potential entrant and the price elasticity of demand of the product involved. See Scherer, *supra*, at 227.

³⁷ This discussion is also relevant to merger policy. Suppose entry by growth is barred by large scale economies with respect to the size of the market but the performance (efficiency) of some existing firm could be improved by an outside firm. It is difficult to see how consumers could be injured by a merger between the outside firm and the industry member whose performance it could improve. This is true no matter how oligopolistic the existing industry might be, or even if it is a monopoly industry. In fact merger may be more desirable here than in a less concentrated industry in which economies of scale do not bar entry by growth.

³⁸ Professor Adelman has suggested that: "A useful if not very precise index of the strength of competition *** is the resentment of unsuccessful competitors." Adelman, "The 'Product' and 'Price' in Distribution," May 1957, Am. Econ. Rev. 273-3.

entrants or suppressing the competitive opportunities of smaller competitors, we would be skeptical of any action."

The field of "exclusionary behavior" has entertained (or enraged) followers of antitrust lore for a long time. One of the most notorious examples was Alcoa's action in embracing, as they arose, each new opportunity for the production and sale of aluminum. Judge Hand, somewhat uncomfortably perhaps, found this to be evidence of Alcoa's intent to monopolize. Professor Turner has suggested, however, as well someone might, that this was pretty strange behavior for a profit maximizing monopolist.³⁰

Would consumers have been better off if Alcoa had not expanded its output? Serious questions are raised, for it is usually thought that market power is best exercised by, indeed consists in, restricting output and raising price.

It is clear, of course, that the most effective way of "jointly, interdependently, and/or individually engaging in behavior which has the probable effect of excluding would-be entrants or suppressing the competitive opportunities of smaller competitors" is to keep prices low. Indeed, the whole theory of potential competition, which has become one of the mainstays of modern antitrust law, is that existing firms will keep their prices down in an attempt to deter the entry of the potential competitor (would-be entrant). If existing firms in concentrated industries do not do this, potential competition is of no value and cases which are brought on that theory should not be brought. But if the theory of potential competition is valid (and it appears to be), then it is not sensible to say that behavior which that theory predicts as rational market behavior on the part of existing firms in concentrated markets³¹ should be used to provide support for an industrywide proceeding against them by the Federal Trade Commission.

Limitations of time make it impossible for us to treat at this point the various practices which are argued to be "exclusionary." We wish to raise the general caveat, however, that upon closer examination many such practices will probably turn out to be manifestations of competition. We will attempt to address this question in greater detail in such comments as we are able to make on individual cases and programs. Those comments on Bureau of Competition budget categories DB, DC, and DD are set forth below. Comments on competition cases listed in budget categories A, B, C, and DA will be forwarded under separate cover.

B. BUREAU OF COMPETITION MATTERS OTHER THAN INDUSTRY-WIDE

The above discussion has attempted to cover in very general terms the Bureau of Competition's industry-wide matters (those included in its budget categories "A," "B," "C," and "DA"). The discussion of the importance of economies of scale and other barriers to entry is also relevant to any consideration of horizontal mergers, joint ventures and certain types of horizontal contractual arrangements. The discussion below will cover with greater emphasis on particular cases, Bureau of Competition budget categories: DB—Mergers and Joint Ventures; DC—Horizontal Restraints and Relationships; and DD—Vertical and Distributional Restraints.

DB: MERGERS AND JOINT VENTURES

1. Auto parts distribution

The Bureau of Competition proposes to spend 1.5 man-years in fiscal year 1975 and in fiscal year 1976 in response to attempts by basically two firms,³² to establish chains of automobile parts warehouse distributors (wholesalers) which are then integrated vertically by contract (franchises) into the jobber (retail) level.

The views set forth in the Bureau's budget statement and in the 1973 OPPE Annual Planning Report deserve a closer economic analysis. The Commission has brought a number of price discrimination cases in this industry in the past, for which it has been rather brutally criticized.³³ Present activity in this industry may not be unrelated to the previous Robinson-Patman Act enforcement.

³⁰ Turner, "The Scope of Antitrust and Other Economic Regulatory Policies," 82 Harv. L. Rev. 1721 (1969).

³¹ That behavior is, of course, limit entry pricing.

³² Genuine Parts Co. and Gulf & Western. While there is a third investigation (ITT), the amount of business done by that firm may come to the \$95 million annual sales above which it is proposed to challenge acquisitions. See 3 Annual Planning Report 49 (1973).

³³ See Green, et al., *The Closed Enterprise System*, pp. 406-07 (1972).

It seems as though the emerging chain operations have "substantial buying power advantages which enable them to purchase parts at prices substantially below those available to their independent competitors at the warehouse distributor level." 3 Annual Planning Report 48 (1973). That report suggests that these purchasing advantages may be "solely the result of buying power and not attributable to cost savings to the manufacturer."

The Commission's past Robinson-Patman efforts were directed in part to preventing cooperative groups (contract chains, in effect) of warehouse distributors from obtaining price reductions from parts manufacturers. To the extent that past Commission action has been successful in preventing contract chains from getting these lower prices and to the extent that they continue to be available, it is not surprising to find ownership chains arising in an attempt to obtain them. Thus, in a very real sense it can be said that past Commission action (enforcement of Robinson-Patman) has contributed to the merger trend now observed.

If this analysis is correct, present attempts to prevent horizontal ownership integration (merger) from taking place may be assimilated to the previous attack on the contract integrations that were created to obtain (and apparently did obtain) lower prices from parts manufacturers. The present merger enforcement program will have the same effect, if successful, as past enforcement of the Robinson-Patman Act had. It will protect the high margins of parts manufacturers.

It is difficult to understand why the Commission should want to do this. The reduction of margins on the manufacturing level that result from less than perfect competition, and it is hard to imagine what else these lower prices represent,⁴ is socially desirable. It is likely that these lower prices will be passed on to the retail level and eventually to consumers. This sort of development is a classic example of what countervailing power can do for a less than perfectly competitive market.

The buying power of these chains, perhaps based in part on their threat to integrate backwards into parts production, may be analogized to that of firms like Sears Roebuck or the large grocery chains. George Stigler has commented to the effect that competition is oligopoly plus Sears Roebuck. The same thing may be true here.

This raises the question of whether or not the reduced prices apparently being obtained by the chain wholesalers (WD's) are being passed on to the retailers. The Bureau of Competition states that: "Chain warehouse distributors are believed to charge prices 3 percent to 10 percent higher than their independent competitors in areas such as New York, Omaha and Memphis."

The Bureau analysis also states:

Once acquired by a chain, a warehouse distributor usually ceases giving discounts and drops former jobber customers who refuse to accept franchisee status. Although franchisees are free to drop the franchise and buy elsewhere, the expense involved in switching from the franchisor brands to other lines can be extremely high. Independent jobbers on the other hand usually can find competing suppliers for most of their existing lines. Thus, a jobber who accepts a franchise is usually lost forever⁵ as a customer to all warehouse distributors other than its franchisor. Independent warehouse distributors may initially gain customers when a chain acquires a competitor but they are unable to compete effectively in the long run.

The proffered explanation for the inability of independent warehouse distributors to "compete effectively in the long run," when the chain WD's (wholesalers) charge prices from 3-10 percent higher, is that the franchised jobbers "are tied to them [the chain WD's] through franchise or financing arrangements." We are not told why these jobbers permit themselves to be so tied.

We submit that the reason some jobbers become franchisees in spite of allegedly lower prices available from independent WD's is that the value of the services provided by the franchisor exceeds the amount of the higher prices. The jobber can get a better overall deal from a franchisor WD than he can from an independent. This is also consistent with the alleged inability of the independent WD's to compete effectively in the long run.

³The only other explanation is that costs of selling to large WD's are lower. But there is no reason to object to the creation of this type of efficiency, if that is the case.

⁴Or at least until the franchisor tries to raise prices.

All of this suggests, of course, that at least some part of the lower prices obtainable by the chain WD's is being passed on to the retail level in one form or another. This program, which could well prevent chain-WD's from obtaining lower input prices (by destroying their buying power) when those chains are apparently passing at least part of these power input prices along to the retail level,⁴⁵ cannot improve consumer welfare.

We submit :

1. These investigations are an outgrowth of previous Robinson-Patman Act enforcement by the Commission. Successful cases in this area will have essentially the same economic effect as previous enforcement of the Robinson-Patman Act.

2. That effect will be to protect the prices and profits of parts manufacturers and to continue the less than optimal resource allocation which the availability of large price discounts strongly suggests exists on that level.

3. An additional effect would be to eliminate the possibility that lower prices obtained by chain warehouse distributors will be passed on to retailers and eventually to consumers.

4. The primary effect of activity in this area will be to protect less efficient firms from competition to the possible detriment of the welfare of consumers.

5. Consumers will not benefit from this program and may well be injured by it.

We recommend :

1. No further resources be expended.

2. Failing that, OPPE evaluate the matter further and report to the Commission.

2. Cement—Vertical (policy statement):

The views of this office on vertical relations between cement and ready-mix concrete firms may be found in Liebeler, "Toward a Consumer's Antitrust Law: The Federal Trade Commission and Vertical Mergers in the Cement Industry," 15 U.C.L.A. L.Rev. 1153 (1968). The general view set forth there is:

1. There is no apparent way in which vertical integration in this industry can increase the ability of firms on either the cement or ready-mix level to restrict output and raise price.⁴⁶

2. The most likely effect of such mergers is to lower cement and concrete prices by creating lower cost systems of distribution, increasingly the ability of cement firms to cheat on any "fixed" cement prices by engaging in unsystematic price discrimination and by eliminating the undesirable effects of any double output restriction that would result if vertically related firms both had market power.⁴⁷

3. The principal effect of the FTC merger program was to protect certain business firms from competition, almost certainly at the expense of consumer welfare.

Our recommendation is that no more resources be expended in this area pending a general evaluation of the treatment of vertical arrangements, which this office will carry out during the coming year, or pending the adoption of a policy protocol covering vertical mergers in general.

The simple fact of the matter is that economic theory has nothing in it that suggests that vertical integration, either by contract or ownership, is in any general way likely to injure the interests of consumers. We think that there are some situations where vertical arrangements can be used to increase or protect the ability to restrict output by reinforcing the existence of horizontal collusion on a related level of the industry. While no general statement of this theory exists to our knowledge, its general framework has been sketched by Lester Telser in his article "Why Should Manufacturers Want Fair Trade," 3 J. Law Econ. 86 (1960).

Because of the almost total lack of economic theory to support a generalized antitrust attack on vertical integration, our recommendation as to cement/readymix concrete mergers set forth above should be taken as general to all vertical matters.

⁴⁵ If the WD's do not pass these lower costs along, their profit rate will go up. This should attract entry which will in turn force these profits to be passed along.

⁴⁶ A more general expression of this view can be found in Bork, *Vertical Integration and the Sherman Act: The Legal History of an Economic Misconception*, 22 U. Chi. L. Rev. 157 (1954).

⁴⁷ Subsequent, albeit rather casual, empirical investigation confirmed the prediction that vertical integration in this industry would bring lower prices (or improved service, etc.) from the integrated firms. See Wilk, *Vertical Integration in Cement Revisited*, 13 Antitrust Bull. 619 (1968) at fn. 78.

3. Investigations—Mergers and joint ventures (NEC)

The Bureau of Competition has allocated 5.5 man years for fiscal year 1975 and 7.5 man-years for fiscal year 1976 for continuing merger and joint venture activity in areas not classified elsewhere. Two of these (Fruehauf and Cargill) which raise questions of a general nature not covered above will be discussed here.

The discussion of allocative efficiency, productive efficiency, barriers to entry and collusion set forth in the context of industrywide matters is for the most part applicable to horizontal and potential competition mergers. The same trade-offs between allocative efficiency (competition) and productive efficiency must be made here. The analysis presently being used by the Bureau of Competition does not appear to take these matters sufficiently into account.

(a) Fruehauf Corp. (681 0634)—This investigation is directed at: (1) the acquisition by Fruehauf of a firm which buys closed-top dry freight vans, a product that is manufactured by Fruehauf; and (2) The fact that Fruehauf (a subsidiary, actually) makes loans to motor carriers and attempts to "capture all the future purchases by its debtors."

Both of these transaction are vertical in nature.⁴⁸ As such they are subject to the caveats raised in our discussion of vertical mergers in the cement/ready-mix concrete area.

The loan aspect of this investigation is worth further comment. The Bureau of Competition states:

"The additional sales gained by Fruehauf through its loans have been at the expense of its competitors in the sale of truck trailers who do not make capital loans, and most of whom could not make such loans. In the staff's opinion, the extension of capital loans by Fruehauf under these conditions constitutes an unfair method of competition which further hinders competition in the truck trailer industry."⁴⁹

It is argued that Fruehauf's competitors do not have its "financial strength." Fruehauf is thus alleged to have "a substantial advantage over its smaller truck trailer competitors" by which it "is able to isolate itself from substantial competition." The making of these loans is also treated as a barrier to entry into the truck-trailer manufacturing industry.

This case might be used as a test of the Commission's commitment to the principle of consumer welfare as opposed to competitor welfare. It seems clear that those who deal with Fruehauf under these conditions prefer loans and Fruehauf trailers to no loans and the trailers of Fruehauf's competitors. This is not surprising if those buyers are in fact poor credit risks, as is suggested. For the higher the credit risk of the buyer, the cheaper the Fruehauf trailer with loan.

If Fruehauf's competitors wish to compete, rather than complain, they may do so quite readily by cutting their trailer prices. At some price, their trailers sans loan will be more attractive than Fruehauf's price with the loan.

The simple fact is that the making of these loans by Fruehauf is a form of competition. No person unschooled in the mysteries of antitrust could fail to see that fact. Success in this case will protect Fruehauf's competitors at the expense of those consumers of truck-trailer equipment who now prefer loans and Fruehauf trailers to no loans and other trailers. Those consumers have expressed their preference. Their welfare cannot be improved by any order which takes this option from them; it can only be reduced.⁵⁰

It is, of course, argued that Fruehauf's exercise of "financial power" is "anti-competitive." If the term "financial power" means anything it must mean the ability to obtain capital more cheaply than other firms. But this ability, if it in fact exists here, is in itself a desirable form of efficiency. It hardly need be said that in our system capital is a resource like any other resource. Those who would use it must pay for it. No one would object if Fruehauf found a way to obtain steel, say, or any other input required to make trailers, at particularly low prices. This would be recognized as desirable, for it would tend to lower

⁴⁸ The first is an ownership vertical integration; the second a form of contract vertical integration.

⁴⁹ It is alleged that most motor carriers have high debt and generally poor credit ratings.

⁵⁰ While high risk buyers would no doubt prefer Fruehauf's loans and other trailers (since the "price" of the trailers with loans would probably be higher than the price of trailers sans loans) that is not likely to be an option open to them.

prices. This being the case we do not understand why objection should be made if a firm discovers a low cost way of obtaining capital.⁵¹

Solely on the statement of this aspect of the Fruehauf case, we recommend that no additional resources be devoted to it or to any other case proffered on a similar theory.

(b) Cargill, Incorporated (741 0620)—This investigation involves the same subject matter as *Missouri Portland Cement Co. v. Cargill*, 670 ATRR F-1 (July 2, 1974). In that proceeding the Second Circuit (Friendly, J.) decided that Missouri Portland (MP) could not use the antitrust laws to obtain an injunction against Cargill's takeover attempt. Judge Friendly made the point that:

a. The antitrust laws have been used too often by entrenched (and often sluggish) management to protect themselves from being thrown out of office by some other firm that thinks it can do a better job.

b. There are strong reasons, especially where an acquisition is neither horizontal nor vertical, "for not making the prohibitions of section 7 so extensive as to damage seriously the market for capital assets, or so broad as to interfere materially with mergers that are procompetitive in their facilitation of entry and expansion that would otherwise be subject to serious handicaps."

c. Acquisition of an oligopolist by a more efficient company intent on acquiring a larger market share will break the explicit or implicit collusion that may exist in a concentrated industry.

d. Introducing bulls into china shops "is a good way to break through the comfortable vices of oligopoly."

e. The very fact that a market is oligopolistic makes acquisition of one of the oligopolists by an aggressive outside firm desirable because it is "likely to bring down prices and promote service."

f. These "homely truths" are not inconsistent with the doctrines of "potential competition" and "entrenchment."

g. He also suggested that it would be desirable for the Commission to indicate how barriers to entry are raised by an acquisition, if it claims that such barriers are raised.

We mention these points in detail because they support many of the things that we have been trying to say in this paper.

The Cargill investigation raises another important policy issue. The Commission investigation in this matter was instigated by general counsel for MP. If he succeeds here where he has so far failed in Federal court he will have protected the MP management at the taxpayer's expense. The underlying policy question is whether the Commission should expend its resources when other competent forums are open and parties with a strong (demonstrated) incentive to pursue the case are present. We do not think so. If there is any public interest to protect here, which we doubt, MP has adequate incentive and ability to raise the issues involved.

There is one other point raised in the Bureau of Competition budget statement on this case. It is said that "Its [Cargill] large barge operations could also provide a significant competitive advantage in transporting cement." This appears to be offered as a reason why the acquisition should be attacked. Similar statements of this sort appear in other cases. In Anaconda (731 0614), for example, we are told that the acquisition would increase Anaconda's manufacturing and sales capability so "as to provide it with a decisive competitive advantage in the relevant market to the detriment of actual and potential competition."

We take it Cargill's barge operations and Anaconda's manufacturing and sales capability which are alleged to be increased by the acquisition are forms of efficiency. If this is the case then it appears that these acquisitions are being attacked because they create efficiency.

We have set forth our views on the importance of efficiency above. We do not think that it is good policy to attack business transactions because they are likely to give firms competitive advantages based on efficiency. As Judge Friendly points out, the introduction of efficient firms, especially into an oligopolistic market,

⁵¹ A firm may cut the costs of steel or other inputs by producing the item itself, that is, by vertical integration. The same is possible as to capital. We do not suspect that Fruehauf or any other firm has set up a printing plant in the basement. We more than suspect, however, that substantial transaction costs can be saved if a firm can generate cash internally and avoid going to the securities market. And these are "real" savings to society in the sense that the resources that would have been devoted to raising capital externally can be devoted to other uses.

will promote competition. As to the argument that the introduction of these efficiencies will result in the efficient firm gaining a monopoly:

(a) Presumably the other oligopolists can learn by example and copy the efficiency creating techniques introduced into the industry by the merger;

(b) A monopoly can not be gained at prices higher than or equal to those existing in the industry prior to the merger. In order to get rid of the existing firms the would-be monopolist must cut prices;

(c) Existing plants, neighboring competitors and the threat of potential entry would keep the monopolist from raising prices above those which prevailed prior to entry; and

(d) We would like to have the opportunity to analyze an industry in which the above scenario of monopoly acquisition has been observed. The only problem is we can't find one.

As to the Cargill matter itself, we strongly recommend that no additional resources be expended on this case or any other matter which can readily be adjudicated in a private proceeding.

DC—HORIZONTAL RESTRAINTS AND RELATIONSHIPS

The Bureau of Competition has allocated 7.5 man-years in fiscal year 1975 and 8 man-years in fiscal year 1976 to horizontal restraints and relationships. They indicate that this total "very substantially" understates total commitments to horizontal problems, however, since there are additional horizontal matters in the food program and other industry-wide programs. Direct price fixing and more subtle forms of collusion, of course, fall in this area. These problems, together with horizontal mergers that reduce allocative efficiency more than they increase productive efficiency (and thereby result in increased prices in the industry) are undoubtedly among the most important transactions to which the Commission can devote resources.

This office will be responding to Commissioner Thompson's circulation of June 28, 1974, on the subject of horizontal price fixing in the immediate future. We may state now, however, that we believe substantially greater resources should be devoted to the discovery and exposure of horizontal collusion. It may well be possible to develop techniques from which the existence of such collusion may be inferred even in the absence of direct evidence of agreement. The recent asphalt price fixing case in Oklahoma certainly suggests that this may be the case.⁶²

In the past the Commission has left the price-fixing field largely to the Antitrust Division, because of its ability to bring criminal sanctions to bear. If it is possible to develop economic techniques to uncover the existence of horizontal collusion, as to the use of which the Commission may enjoy a comparative advantage, a significant new role for the Commission may be in the offing. The question of sanctions is hardly crucial, for successful treble damage actions clearly constitute an effective remedy. If Commission investigation could uncover the collusion the cudgels of plaintiff's lawyers and treble damages would be sure to follow.

The implications of this discussion and of Commissioner Thompson's proposal are also relevant to our discussion of policy in concentrated industries matters. We there argued that collusion was the basic problem in concentrated industries. A program for ferreting out collusion should be incorporated into existing industrywide programs. This could well result in a somewhat different emphasis on certain existing industrywide programs and perhaps the abandonment of some of them.

We strongly recommend that greater emphasis be placed on the problem of horizontal collusion. This could be done by shifting resources from other programs, particularly vertical matters, and a sharper definition of the nature of industrywide matters which would place greater emphasis on the problem—collusion—than on the proxies which economists sometimes use to detect its possible existence.

We do not have substantial comments on the individual horizontal investigations set forth in budget category DCX.

⁶² See Funderburk, Price Fixing in the Liquid Asphalt Industry: Economic Analysis Versus the 'Hot Document,' 7 Antitrust Law & Econ. Rev. 61 (1974).

DD: VERTICAL AND DISTRIBUTIONAL RESTRAINTS

Now, 3.5 and 5 man-years are allocated to this area for fiscal years 1975 and 1976, respectively. This represents a reduction in Bureau of Competition resources as compared with prior years. This reduction in Bureau allocations, however, is countered by increasing resources being devoted to these matters by the regional offices. While it may be argued that the lack of other significant program development for the regional offices makes these programs an attractive alternative for use of their resources, this is not at all clear.

For one thing, these vertical cases include at best some enforcement of the Robinson-Patman Act. There appears to be great difficulty in many quarters, including OPPE, in discerning how such enforcement contributes to consumer welfare.

This same problem exists as to most other vertical cases. As we have indicated above, we feel that the entire field of vertical arrangements must be reviewed in some detail. OPPE plans to carry out such an evaluation during the coming year. Pending the outcome of that evaluation, and because of the growing conviction that most vertical arrangements cannot injure consumer welfare,⁵³ we cannot recommend any commitment of additional resources on vertical matters.

[Not for release until authorized by the committee]

JANUARY 10, 1975.

MEMORANDUM FOR THE CHAIRMAN

Re Information Systems, Automatic Data Processing, and Related Matters of the Federal Trade Commission.

By directive dated August 7, 1974, the Committee requested that an investigation be made of the management information systems of the Federal Trade Commission.

This report contains the results of the investigation.

Respectfully submitted,

C. R. ANDERSON,
*Chief of the Surveys and Investigations
Staff, House Appropriations Committee.*

INFORMATION SYSTEMS, AUTOMATIC DATA PROCESSING, AND RELATED MATTERS OF THE FEDERAL TRADE COMMISSION

DAVID A. SCHMIDT,
*Surveys and Investigations Staff,
House Appropriations Committee.*

Abbreviations

- ADP—Automatic Data Processing.
- Aspen—Aspen Systems Corp.
- ACIS—Automated Case Information System.
- CAES—Case Analysis and Evaluation System.
- CPTS—Case/Project Tracking and Status.
- FTC—Federal Trade Commission.
- FMS—Financial Management System.
- GAO—General Accounting Office.
- GSA—General Services Administration.
- GPO—Government Printing Office.
- IFRS—Interim Financial System.
- MIS—Management Information System.
- Matthew Bender—Matthew Bender and Co., Inc.
- NIH—National Institutes of Health.
- OMB—Office of Management and Budget.
- OPCS—Operational Planning and Control System.
- PMIS—Personnel Management Information System.
- Subcommittee—Subcommittee on Agriculture—Environmental and Consumer Protection
- SLIM—System for Litigation Information Management

⁵³ See Bork, "The Rule of Reason and the Per Se Concept: Price Fixing and Market Division," 74 Yale L.J. 775 (1965), 75 Yale L.J. 373 (1966).

I. INTRODUCTION

A. Directive

By directive dated August 7, 1974, the committee requested that a study be made of the management information systems program of the Federal Trade Commission (FTC), with particular emphasis on the new management systems currently being developed, including the cost of these systems, their utilization, and possible alternatives.

B. Scope of Investigation

The investigative staff reviewed the policies, plans, and procedures involving management information systems, automatic data processing, and related areas. Available documentation and records, including contracts for systems design and data processing services, were examined to determine the cost of information systems currently being developed, the status of each, and the potential value to the Commission. To provide a comparable basis for measuring information systems' costs during the last 3 fiscal years, projections for fiscal year 1975 were made through June 30, 1975.

The investigative staff evaluated the information systems' concepts and plans, but it could not evaluate how well these systems will actually perform since they were neither fully implemented nor operational for a sufficient period of time to permit firm conclusions.

Interviews were conducted with top officials of FTC, including members of the Commission, the Secretary, the Executive Director, the Assistant Executive Director for Management, and the Assistant Executive Director for Regional Operations; Directors of the Bureau of Competition, Bureau of Consumer Protection, Bureau of Economics, Office of Policy, Planning and Evaluation, and Office of Public Information; Directors and Assistant Directors of the Regional Offices in Washington, D.C.; Seattle, Wash.; San Francisco and Los Angeles, Calif.; and Dallas, Tex.; and the Chiefs of the Division of Personnel, Division of Budget and Finance, Division of Management, and the Division of Administrative Services.

The investigative staff talked to FTC consultants and headquarters and field personnel involved in the establishment of information requirements, the planning for automatic data processing support, and the design, development, and use of management information systems.

The investigative staff also talked to representatives of the U.S. General Accounting Office (GAO), the General Services Administration (GSA), the Office of Management and Budget (OMB), and consulting firms.

Difficulties in obtaining complete and timely data were experienced by the investigative staff. In some areas, documentation was inadequate and statistics and costs pertaining to systems development and data processing were extremely difficult to obtain.

C. The Federal Trade Commission Mission

The basic responsibilities of the FTC have been spelled out in a number of statutes enacted since 1914, when the Commission was established.

The programs of the FTC are designed to achieve two principal objectives: (1) preserving free competitive enterprise through the prevention and elimination of monopolistic practices and unfair methods of competition, and (2) detecting and proscribing acts and practices which are unfair or deceptive to the consuming public. These broad objectives are approached through the following principal programs of the Commission:

Promoting free and fair competition in interstate commerce through the prevention of price-fixing agreements, boycotts, combinations in restraint of trade, and other unfair methods of competition.

Safeguarding the consuming public by preventing the dissemination of false or deceptive advertisements of food, drugs, cosmetics, and therapeutic devices, and other unfair or deceptive practices.

Preventing discriminations in price, exclusive-dealing and tying arrangements, and corporate mergers when such practices or arrangements may substantially lessen competition or trend toward monopoly; interlocking directorates under certain circumstances; the payment or receipt of illegal

brokerage; and discrimination among competing customers in the furnishing of or payment for advertising or promotional services or facilities.

Enforcing truthful labeling of textile and fur products.

Regulating packaging and labeling of certain consumer commodities so as to prevent consumer deception and facilitate value comparisons.

Supervising the registration and operations of associations of American exporters engaged solely in export trade.

Petitioning for the cancellation of the registration of trademarks which were illegally registered or used for purposes contrary to the intent of the Trademark Act of 1946.

Achieving true credit cost disclosure by consumer creditors (retailers, finance companies, non-Federal credit unions, and other creditors not specifically regulated by another Government agency); and to assure a meaningful basis for informed credit decisions.

Gathering and making available to the Congress, the President, and the public, factual data concerning economic and business conditions.

Enforcing laws administered by the Commission and issuing subpoenas to seek preliminary injunctive relief to avoid unfair competitive practices.

Representing itself in the Federal courts after formally notifying, consulting with, and giving the Attorney General 10 days to take action in civil proceedings involving the Alaska Pipeline Act.

Seeking from the Federal district courts, under certain conditions, temporary restraining orders or injunctions against any existing or impending violation of any provision of law enforced by the Commission.

Prescribing rules for determining the manner and form in which coins and other numismatic items shall be permanently marked.

II. SUMMARY OF OBSERVATIONS

The FTC is a relatively small agency. The size of an agency does not negate the need for timely, accurate, and useful data; nor does it diminish the complexity of designing and developing a management information system (MIS).

In some respects, the quality of information is of greater importance to smaller than to larger organizations since their resources are usually too limited to permit the luxury of ad hoc solutions.

In the fiscal year ending June 30, 1974, the cost of the Commission's operation was a little over \$32.2 million and the requested amount for fiscal year 1975 was approximately \$38.4 million. During fiscal years 1974 and 1975 (projected) approximate costs for information systems design, development, and data processing operations totaled \$1,232,700 and \$2,256,500, respectively. As of September 30, 1974, 1,641 people were employed by the Commission, of which 619 were attorneys and 297 were economists and other professionals. Of the total, approximately 57 were involved in establishing informational requirements, in systems design and development, or in data processing activities.

The Commission has taken a number of positive actions to improve the quality of information generated by current systems. The systems design and development effort, on a planned and coordinated basis, should decrease the redundancy of systems design and development work. The effort seeks to provide an interface between systems to permit the use of common data bases thus, also, reducing the need for duplicate files and recordkeeping. The three systems of the management information system being developed reflects a cooperative effort involving systems designers and users. This represents a major departure from past systems design concepts which were dictated by individual bureau and office needs.

However, there are a number of weaknesses which, if allowed to continue, may seriously affect the orderly development and attainment of effective information systems. As a matter of fact, these underlying deficiencies could wipe out any potential benefits and render the present information systems development efforts useless.

Specific positive and negative factors are outlined as follows:

A. Positive Factors

The establishment of the Division of Management to centralize the systems design and development functions is a beginning but involvement by this group in all systems design is a must. (See p. 282.)

Communication between users and systems personnel has been greatly improved as exemplified by the MIS Review Committee and Task Force approach encompassing operational and technical personnel to meet information needs. (See p. 282.)

Top management has strongly supported the information system effort. (See p. 282.)

Current MIS efforts in the financial management (FMS), case/project tracking and status (CIPTS), and operational planning and control (OPCS) systems, while too early to permit evaluation, give promise of improving and consolidating reporting and recordkeeping. (See p. 287.)

The FTC has established a sound conceptual framework for systems design and the basis for systems development which, if properly implemented, should result in improved information. (See p. 290.)

B. Negative Factors

Procedures are lacking for objective reviews and evaluations of information systems to determine the continuing need for existing systems. (See p. 282.)

The lack of accurate cost and other financial data is a basic deficiency which must be corrected if the MIS effort is to be of value. The unavailability of costs by projects raises questions of the FTC's ability to plan, account, and budget for systems analysis, design, and development functions. Further, it denies management the ability to make sound decisions regarding alternate methods of acquiring data processing support. (See p. 283.)

Historically, documentation has been missing or inadequate in the systems and data processing areas. This is of particular importance when related to an inadequacy of technical skills at the mid-management levels and the high turnover of management and technical personnel. (See p. 284.)

Continuing heavy reliance on outside contractors for design and development efforts and for data processing support has resulted in a number of adverse conditions. (See p. 285.)

Current requirements for data processing services do not warrant the continued development of online systems. Most of the Commission's requirements can be met more economically through the preparation of periodic reports using batch processing techniques. (See p. 286.)

Unless systems design development efforts in the areas of document index, search, retrieval, and analysis are coordinated through the Division of Management, the Commission may incur excess costs for systems development. (See p. 286.)

Some contracting practices do not seem to be in the best interest of the Government nor do they assure commensurate benefits to the dollars expended. (See p. 291.)

Potential risk of breaching confidential files is increased due to outside contractors and equipment. (See p. 294.)

Continued proliferation of data processing support from outside sources will result in more expensive data processing, and incompatibility of equipment, software, and data files, resulting in duplication of records and systems effort. (See p. 294.)

The Commission needs to evaluate all alternatives for meeting its data processing requirements, including the acquisition of an in-house computer, or the possibility of sharing through a joint regulatory computer center. (See p. 295.)

III. INFORMATION SYSTEMS MANAGEMENT, POLICY, AND PROCEDURES

A. General

Management information systems (MIS) are designed to help managers make more informed decisions. Unfortunately, the construction of a MIS does not just happen, nor can it be wished into being—it comes with a high price tag. Many data and information systems are erroneously referred to as MIS while, in fact, they are only segments of such systems. Current activities to improve information at the FTC in the financial, case tracking, and operational planning and control systems are aimed at producing a management information system. This kind of a system begins with a comprehensive agency master plan, the establishment of priorities, a time-phased approach for accomplishment, and the means for measuring how well the implementation phase is meeting established program goals.

An effective MIS would provide management with the types of information necessary for the most efficient use of resources in the attainment of established program objectives. To the extent that FTC is successful in achieving its MIS objectives, the improved information produced will be an immensurable aid in its decisionmaking processes.

B. Management, Organization, and Policies

1. ESTABLISHMENT OF THE DIVISION OF MANAGEMENT

In November 1972, the Division of Management was established to provide central planning, direction, and control of the FTC's data processing resources in support of information system development (see appendix 1). The Division is responsible for:

Procurement, installation, and operation of automatic data processing (ADP) equipment.

Selection of contractual and consulting services for development and maintenance of automated systems.

Adequate security protection and privacy in automated information systems.

Providing technical expertise necessary to develop, install, and integrate automated information systems.

Establishing and enforcing policies, standards, and procedures.

Establishing charges for information services required by Commission operating units.

Providing cost-effective computer processing capabilities.

Providing accurate and timely information to the Commission and appropriate Government agencies.

2. DESIGNATION OF COMMITTEES AND TASK FORCES

In late 1973, the FTC, in recognition of the inadequacies existing in the information systems, appointed a management information system review committee, composed of senior-level staff people, with the objectives of:

(a) Identifying management informational requirements.

(b) Establishing priorities and plans for the design and implementation of selected MIS projects.

The committee focused on the types of information needed to plan, manage, and control FTC resource allocation and case management activities. The committee selected 3 areas of highest priority. These were:

(a) Improve operational planning and control.

(b) Upgrade case/project tracking status.

(c) Improve the Commission's financial management capabilities.

Following the selection of priority areas, the committee designated a steering committee, consisting of the Executive Director and bureau and office heads, to guide the systems development and to involve top management in setting information requirements. The role of the steering committee was defined as one of providing overall direction of MIS projects and review of all related staff efforts.

Three work groups, consisting of midlevel staff, were appointed and assigned respectively to three priority areas to develop concepts and detailed design requirements. After approximately 4 months, the work groups submitted their reports to the steering committee, which subsequently approved the proposed design packages. These systems are currently still under development.

3. TOP MANAGEMENT SUPPORT

The outcome of the systems design effort to a large extent depends on adequate management support. The history of systems design and development is replete with illustrations where efforts have failed simply because of top management's aloofness. A system design group deserves, and cannot perform successfully, without this support.

The Commission's present management information systems effort has been strongly endorsed by the Chairman of FTC. The establishment of the Division of Management, the appointment of a management information system review committee, and the designation of a steering committee (composed of the Execu-

tive Director and bureau and office heads), and the three work groups to develop the concepts and detailed design of the present MIS effort are evidences of his continuing support.

The investigative staff considers these to be important steps in seeking to achieve more meaningful information for decisionmaking. However, a note of caution is warranted, for one further requirement seems necessary. There is a need for an independent control function to monitor, review, evaluate, and report to the Chairman and other responsible officials on the progress of the systems design and implementation activities. The function could also encompass the evaluations of ongoing systems to assure management that they continue to meet the needs of the Commission.

C. Current Information Systems and Costs

There are 10 data and information systems in use and being developed which account for approximately 90 percent of the total projected fiscal year 1975 design, development, and operating costs. The remaining 10 percent of the projected expenditures are spread among a number of smaller systems. See appendix 2 for the current status of these information systems. The following table summarizes information systems costs for a 3-fiscal-year period.

DESIGN, DEVELOPMENT, AND OPERATION COSTS

Name of system	Source	Fiscal year—		
		1973	1974	1975 (estimated)
Document index, retrieval, and analysis	Aspen Inc.	\$1,200	\$160,700	\$1,040,800
(Exxon et al.)				
Codification of FTC rules and decisions	Matthew Bender Co.	53,200	79,100	97,200
(index/digest)				
Case/project tracking and status	Fairfax County	142,300	219,800	
Financial management	do	125,400	104,700	
Operational planning and control	Fairfax County and GSA	12,900	12,900	
Payroll processing	Treasury	8,100	40,000	48,000
Economic analysis	NIH	81,000	91,100	
Personnel system	Fairfax County	16,400	63,100	
Office of Public Information-mail and media address listing	GSA	42,100	85,800	
Quarterly financial report(QFR)	Fairfax County	220,100	226,300	274,400
All other		1,498,900	306,500	218,700
Total		781,500	1,232,700	2,256,500

¹ This amount represents salaries of the Division of Management, which could not be allocated to specific projects in fiscal year 1973.

As may be noted, there has been a substantial increase in costs for information system developments and operations. Approximate total costs leaped from \$781,500 in fiscal year 1973 to \$2,256,500 in fiscal year 1975. This represents about a 190-percent increase during the 3-year period.

D. Continuing Problems

There are a number of problems existing in the information systems area which require attention. Some of the more significant are described in the following paragraphs.

1. INACCURATE AND INCOMPLETE DATA

The investigative staff was informed that reports produced from prior information systems were meaningless due to inconsistent and carelessly prepared input data. Commission officials reiterated the common concern that data in support of information systems was suspect and that, as a result, they maintained their own manual systems. There was general agreement that the systems currently under development would produce much needed information but only if the accuracy of underlying data could be assured.

Discussions at the Commissioner level also disclosed a concern with the reliability of available data. In particular they questioned the integrity of reporting time spent on assignments. This is of particular significance since it is a cornerstone on which the case/project tracking and status system is built. One

Commissioner forcefully stated that if the system is to be effective, Directors and supervising attorneys must be held accountable for the accuracy of reported time.

The furniture and fixtures listing as of November 1974, represents a prime example of inaccurate data reporting. The inventory listing contained numerous manual corrections and so many lined-out items of equipment and dollar amounts as to render it virtually useless.

The investigative staff is of the opinion that there is an urgent need to improve the quality of input data. Unless this is done, current information system efforts may prove of little value.

Another example of inaccurate recordkeeping may be demonstrated by the fiscal year 1975 amount reported to the OMB on ADP and related costs involving in-house and contractor services, and telecommunications. An official of the Division of Management informed the investigative staff that the reported figure was understated by approximately \$1 million.

The unavailability or difficulty of obtaining accurate financial data and costs by projects is another facet of the accounting deficiencies existing at the FTC. Without such information on a timely basis, there is a serious question regarding the Commission's ability to plan, budget, and account for the system design and development functions. Further, it denies responsible managers the information needed for sound decisions concerning the alternative methods available for acquiring data processing support. The investigative staff has been informed that costs by projects should be available during fiscal year 1975.

2. LACK OF ADEQUATE DOCUMENTATION

The need for adequate documentation is accepted as an integral part of an overall systems design and development effort. However, unrealistic time constraints often do not permit the necessary documentation. The emphasis is on getting the system designed and operating with the rationale that documentation will be prepared when time permits. That time seldom comes.

The lack of adequate documentation to support systems design and developments and the absence of audit trials to permit management to review, revise, and reconstruct data or programs as necessary, pose a serious problem. Documentation refers specifically to the information recorded during the design, development, and maintenance of computer applications; to explain pertinent aspects of a data processing system—including purposes, methods, logic, relationships, capabilities, and limitations. Good documentation does more than interpret computer program instructions. It describes:

- (a) Purpose of each system or program and how to run it.
- (b) Format and flow of data through the computer system.
- (c) Controls included to insure the validity and integrity of the data being collected and processed and the results.

A recent GAO report dated October 8, 1974, states that inadequate documentation increases the cost of Federal ADP operations, weakens management control of ADP systems, and contributes to loss of funds and assets. Historically, documentation has been inadequate to support the systems design and development efforts at the Commission.

With regard to FTC, the lack of documentation becomes particularly serious when coupled with an insufficiency of technical skills at the mid-management levels and a high turnover of key management and systems personnel. There has been a 70 percent turnover rate in the professional staff of the Division of Management since its inception 2 years ago, or an annual rate of approximately 35 percent. (See appendix 3.) Adequate procedures and documentation would reduce the learning process for newly assigned personnel by providing the necessary understanding of what is being done and why and provide a better management control mechanism.

An official of the Division of Management informed the investigative staff that the constant flow of additional requirements has kept the analysts and programmers too busy to properly document completed work. Because of the lack of documentation, the operations staff cannot effectively take over the operations of newly designed systems. This results in programmers assisting in the operations work, thus having less time for programing at a time when the MIS development is critical. Without written procedures, systems design and data processing will continue to depend on individuals rather than on good system support. Some

Improvements have been made and better documentation exists in the development of current systems. Nonetheless, the investigative staff believes there is a great need to develop documentation standards for all systems design and data processing.

3. EXTENSIVE CONSULTING AND CONTRACTOR SUPPORT

The Commission has made extensive use of consultants and contractors to meet its information and ADP needs. During the past few years, an increasing reliance has been placed on outside support. A number of factors have contributed to this trend:

The disposal of the in-house computer has resulted in all data processing services being procured from outside sources.

The continuing lack of technical skills, particularly in the mid-management staff, necessary to the successful design and implementation of systems.

Tight schedules established to accomplish design and development tasks.

Increased systems design and development effort.

The table on the following page summarizes and compares in-house personnel costs with contractor-procured costs for the past 3 fiscal years.

CONTRACTOR AND IN-HOUSE COSTS FOR MIS AND DATA PROCESSING, FISCAL YEARS 1973, 1974, AND 1975

	Fiscal year 1973		Fiscal year 1974		Fiscal year 1975 estimated	
	Amount	Percent	Amount	Percent	Amount	Percent
Development costs:						
In-house.....	\$109,900	14	\$237,500	19	\$226,400	10
Contractor.....	130,700	17	397,100	32	179,900	8
Subtotal.....	240,600	31	634,600	51	406,300	18
Operational costs:						
In-house.....	540,900	69	336,400	28	481,400	21
Contractor.....			261,800	21	1,368,800	61
Subtotal.....	540,900	69	598,200	49	1,850,200	82
Totals:						
In-house.....	650,800	83	573,900	47	707,800	31
Contractor.....	130,700	17	658,900	53	1,548,700	69
Grand total.....	781,500	100	1,232,800	100	2,256,500	100

It is worthy of note that contractor costs in fiscal year 1973 represented 17 percent of total costs. By fiscal years 1974 and 1975 contractor costs had increased to 53 percent and 69 percent respectively. Contract personnel are being used extensively in the development of a number of current efforts which include the MIS, the index and digest system, the Exxon et al. case, and others.

The investigative staff is concerned with the increase reliance being placed on consultants and outside contractors to provide the services the Commission needs (See p. 295). While it may temporarily be expedient to follow this course, over the long run this could prove to be a disadvantage and a far more costly method. Relative to systems design and development, one obvious deficiency is that in-house personnel have not been involved in the design and development phases and thus do not possess the understanding necessary to effect a smooth transition from development to the operation and maintenance of the systems. This condition reinforces the need for better documentation which could help minimize future system conversions.

There are other problems the Commission must overcome before MIS and data processing costs can be controlled. Since the accounting records do not provide timely summary information, it is difficult for the Commission to be fully aware at any point in time of the total expenditures incurred for these contractual services. The Commission seeks to control by setting an upper limit on expenditures. But contract amounts not "to exceed" a specified amount are sometimes exceeded. For example, a contract with the National Institute of Health in an amount not to exceed \$50,000 was amended to provide an additional \$8,000. There are other instances where contract amounts have been increased. The difficulty is further increased due to the billing cycles of contractors, which vary from a monthly and quarterly to a semiannual basis.

The investigative staff does not imply that obtaining contracting services is bad per se, but rather that continuing dependence on contractors delays the development of much needed in-house capabilities and increases the cost of MIS efforts.

4. REDUNDANCY OF MIS EFFORTS AND RECORDKEEPING

Over the years, systems design and developments reveal a series of independent efforts aimed at satisfying the informational requirements of individual bureaus and offices. It was a period of reaction to emergency situations rather than of action in accordance with an established plan.

The lack of a common system to satisfy the requirements of many users resulted in the maintenance of redundant records and files by bureaus and regional offices. In addition, the design and development work was repeated each time a bureau or office initiated its own reporting system. Past case tracking system developments offer a concrete illustration of the many efforts to develop similar systems and the results thereof.

Over the past several years, a number of attempts have been made to develop manual and computerized systems to determine workload status and to allocate and account for resources expended on assignments. The redundant systems now in use represent an ineffective and wasteful method of seeking to exercise this control. None of these systems attempted to develop information that would be used by the Commission as a whole.

Some prior case tracking efforts are summarized in the following paragraphs.

a. Case analysis and evaluation system (CAES)

In August 1972, the Office of Policy Planning and Evaluation sought to develop a computer-based system to assist it in the development of Commission planning and analysis. CAES consisted of a case data base in which all data was collected and entered into a time-sharing system at the National Institutes of Health. It provided a capsule history and descriptive information to allow formal matters before the Commission to be grouped and related to programs so that the relative importance of those efforts could be determined. CAES did not prove successful and was merged and replaced by BASIS.

b. BASIS

The preliminary specifications for a case assignment and tracking system—BASIS—for the Bureau of Competition were prepared in December 1972. The system became operational in the third quarter of fiscal year 1973.

BASIS is an on-line system using a computer facility outside the Commission, linked to a terminal in the Bureau of Competition. Data processing support is being provided by infonet, a network of computers operated by Computer Sciences Corp., selected by GSA to fulfill certain Government requirements. This is a limited system within FTC solely meeting the needs of the Bureau of Competition. Bureau officials stated that they were satisfied with the information they were getting.

c. Automated case information system (ACIS)

The ACIS development began in March and became operational in November 1973. The investigative staff was informed that this effort was undertaken to satisfy the requirements of one of the Commissioners. However, an attempt was made to expand the system to meet the general requirements of the Commission.

The purpose of ACIS was to collect and maintain a complete and accurate computerized file which could provide pertinent information needed by FTC managers and would support the preparation of timely, periodic reports to the Commission.

The investigative staff was informed that ACIS never fully got off the ground because of a lack of user support and a breakdown of the system due to a lack of update capabilities.

These case tracking systems offer an excellent example of what happens when information systems fail to meet user needs. The Bureau of Consumer Protection, the Office of the Assistant Executive Director for Regional Operations, and each of the 11 regional offices use various manual systems to control case workloads. In addition, the Bureau of Competition and the Office of the General Counsel use different computerized systems to control case workloads.

Many levels of duplication also appear to exist in the financial areas, particularly in accounting for travel funds. In discussions with Commissioners and other officials, particularly with regional office directors and staffs, 2 criticisms were universal:

- (1) General dissatisfaction with past systems.
- (2) The unreliability of data generated by the past case tracking systems and with the financial systems.

IV. PRESENT COORDINATED SYSTEMS DEVELOPMENTS

There is a great deal of activity currently going on within the Commission to affect more meaningful and useful information. While there are still some major developments being performed on an independent basis, much work is progressing in a coordinated fashion.

The systems covered in this chapter are the results of a coordinated effort between systems designers and user groups. The objectives of this effort are to provide the information needs for the Commission as a whole and represent a sharp departure from past methods which sought to satisfy individual bureau and office requirements.

None of the systems described in the following sections are completely operational although some are in the final phases of testing and debugging.

A. Case/Project Tracking and Status (CPTS)

The objectives of the CPTS system are to:

- (1) Provide periodic and on-demand reporting on the status of cases, major projects, and rulemaking proceedings.
- (2) Provide the means for tracking and locating the primary case files which are created in the case processing.
- (3) Generate, automatically, reminder procedures as to deadlines for action on cases, projects, or rulemaking proceedings.
- (4) Generate statistics with respect to cases, projects and rulemaking proceedings and relate those statistics to data which is gathered and processed within the Financial Management and the Operational Planning systems.
- (5) Provide the required output reports while concurrently demanding an acceptable level of staff effort in supplying the input data.

To accomplish these objectives, the system will create new and update existing records on a weekly basis. Closed records will be deleted and transferred to the history subsystem, and weekly and monthly files will be created for report generation. A weekly exception report will be prepared to flag all actions which have not met preestablished criteria. For example, an investigation which has been open for over 45 days will be highlighted. It is planned that the system will also produce a staff assignment notice indicating each change which has occurred during the last reporting period.

The system will generate a transaction file for the weekly activity subsystem which will include closings or changes that affect the activity processing. Finally, the system will generate a profile of cases and projects as a reference to update or change elements of the CPTS master file.

The system also provides for the use of terminals for inquiries into the CPTS which will permit access to records and an analytical summary capability. Access will be to both active, as well as inactive, records in the history file.

The original schedule for completion of the CPTS was March 30, 1974. This target was later adjusted to September 30, 1974.

By memorandum dated December 6, 1974, the Executive Director reported on the current status of the CPTS. The distribution of the CPTS reports for the months of October and November should be ready by the week of December 23, 1974. December reports should be available during the week of January 13, 1975. The memorandum stated that it was taking significantly longer to program and test one of the subsystems than had been anticipated. Until the necessary revisions have been made, reports will contain a number of computer errors. It is expected that after production of the December reports, subsequent reports should be produced in a routine manner. The target is to issue reports no later than 15

days following the close of the reporting period. Although errors are anticipated in the initial months reports, the system should be in the initial operation stage in January 1975.

B. Financial Management Systems (FMS)

The broad objectives of FMS are to:

- (1) Relate financial expenditures to case, projects, rulemaking proceedings, and to aggregate expenditures into program costs.
- (2) Report by object code funds obligated or expended and compare them to funds allocated, at various organizational levels.
- (3) Provide the various organizational levels with projections of salary costs through the end of the fiscal year.
- (4) Account for travel expenses, relating expenses to case project or rulemaking proceedings, and monitoring for compliance the expense vouchers submittal and approval process.
- (5) Provide the basis for comprehensive routine financial review by the Executive Director, in conjunction with ongoing financial control exercised by managers at levels to which allocations are made.
- (6) Accumulate historical financial information to assist in the formulation of future budgets.

The system is to provide the basis for more accurate recordkeeping and financial reporting, and to improve controls over the budget execution. Two major changes have impacted on the development of the FMS. The first was the decentralization of financial accountability and responsibility to the bureaus/divisions. The second was the development of a commissionwide program structure consisting of 71 program accounts.

The financial management system is being developed in two phases. The first, beginning in July 1973, is the interim financial reporting system (IFRS). Prior to this phase, the Division of Budget and Finance used electronic accounting machines to post all transactions. The present system is computerized, with data processing support being supplied by the Fairfax County Computer Center, with data being entered into the system by terminal. The IFRS records disbursements, obligations, receipts, and accruals against predetermined allocations of funds. It is capable of sorting items by object codes and organization units within the FTC.

The system is being upgraded in phase II which will add the following capabilities:

Program case project accounts to the basic operating account classification structure;

A budget formulation and control capability that permits comparison between the past year's expenditures, the current year's operating budget, and next year's projections;

Ability to inquire against financial summary file, showing status of funds budgeted against expenditures by organizations, programs, case/project and object class;

Financial transaction error correction using a terminal; and

Summary reports for operating level and top management information needs.

As of December 1974, the second phase of the FMS was not fully operational. Approximately one-third of top management and summary reports have been programmed, but have not yet been fully tested and debugged. The Commission estimates that the remainder of this work will be completed in the third quarter of fiscal year 1975.

The preparation of top management operating and summary reports will provide an improved basis for monitoring financial resource use and making needed adjustments during the year. The addition of the program case and project classifications should represent a major shift in resource tracking and record-keeping.

The FMS should support a decentralized process of budget management and control whereby program managers will be responsible for financial decision-making, and accountability for such actions.

Periodic and ad hoc reports should identify at any point in time the differences between regional plans and expenditures. Exception reports should notify managers of specific items which will exceed specified time or dollar limitations if continued at the existing level. This type of information is needed to give managers early warning of potential problem areas to allow for corrective action.

C. Operational Planning and Control System (OPCS)

The broad objectives of the OPCS are to—

Provide a method of reporting professional manpower costs, relating and yielding total personnel costs per case, project, and program;

Provide a means by which management performance can be measured;

Since managers will develop their own operating plans, they will be held accountable for resource utilization with respect to activities under their immediate control;

Prepare operating plans in program-oriented formats; and

Provide operating managers with computer access to program planning data, current and historical at any point during the budget process.

The system should facilitate the allocation of resources to programs, cases, other activities within programs, organizational units, and other cost centers. It is planned that the budget will result directly from resource estimates for individual programs and activities.

The Commission hopes that the information will permit the measurement of actual performance against plans and programs by providing two distinct performance measurements:

(1) Control of ongoing activities through comparison of progress and resource expenditures to scheduled activities and projected costs.

(2) Evaluation of completed programs by comparing plans to actual achievements.

The OPCS is dependent on data generated by the case/project tracking and status system and the financial management system. A major component of this system is based on resource utilization data by program which is produced by the CPTS. The financial management system provides operating expenses by program—this information was not available until November 1974.

Due to the dependence of this system on the CPTS and the FMS, the preparation of reports generated by this system is not possible until supporting data from these systems became available. The Commission admits that initial program plans are uneven and inadequate, and expects that improvement of plans will be undertaken some time in fiscal year 1976. To date, the major focus has been on initiating the process rather than on improving the quality of the plans.

Although this system is in the early stages of development, the basic process has been developed and initial reports have been designed. Revisions are being made to improve program costing and planning, the reporting of accomplishments and resources used, and the analysis of variances.

The investigative staff believes if stated objectives are achieved, that the OPCS should enable managers to better allocate resources among program activities and to control progress. This system should provide the tools necessary to develop and refine each year's budget.

D. Personnel Management Information System (PMIS)

The objectives of the PMIS are to provide the Commission with the ability to process standard personnel actions, provide reports on employee data, and to—

Create Standard Form 50's when personnel actions are initiated;

Produce periodic reports providing statistical summaries of personnel actions;

Prepare the telephone directory;

Correlate position ceilings and employee assignments to improve control of staff changes; and

Record exit interview data to identify trends and reasons for leaving.

The procedures of the personnel system involve the maintenance of a master file by generating new employee records, making and incorporating changes. It will also maintain the telephone directory and the update system will rely heavily on data entry by the use of an online terminal.

All personnel actions through September 28 had been entered into the system by November 1974, and identified errors were corrected and reentered. The last 2 months of personnel actions are currently being updated. In addition, a report on consultants had been prepared. Other reports are expected to be available in several months. Initial planning for the system was initiated in February

1974, and was originally scheduled for completion on November 30, 1974. The basic personnel system is now in the final design stages and should be fully operational sometime in the third quarter of fiscal year 1975.

E. Investigative Staff Observations

The investigative staff is of the opinion that the systems design concepts are sound and that if properly implemented, should result in far more useful information than has been available at the Commission. From views obtained during the many discussions with officials at all levels of the Commission, there is strong indication that this type of information would be of great value. The CPTS should form the basis for more informed decisionmaking in selecting cases to be processed, in allocating and controlling resources, and in providing the historical workload data necessary for cost/benefit analysis.

While there is general acceptance of the desirability of having such information, many users were extremely skeptical of the outcome of the systems efforts. These reservations were based on unfavorable past experiences and the unreliability of data.

Although the information systems show promise of providing much needed financial data, the systems ultimate value is directly related to the accuracy and completeness of the input data. Without the establishment of controls, to assure the reliability of source data, the potential value of these systems would be largely negated.

Judging from the difficulties encountered by the investigative staff in obtaining cost and other financial data, the successful development of the MIS program is imperative. It is inconceivable how the Commission can make informed decisions without such information.

Systems in operation and being developed use on-line capabilities via terminal hookup to the computer. While, there is no denying that this is a nice feature, the investigative staff seriously questions the need for this more costly and complex method. Routine reports which are produced on a weekly or monthly basis should suffice to provide the timeliness of data needed by the Commission.

V. CONTINUING UNCOORDINATED DEVELOPMENTS

A. Background

Despite the Division of Management's assigned responsibilities for systems design and development functions, major information systems are being developed, funded and managed by FTC bureaus and offices. The insistence on the part of some bureau and office director's to maintain control over their information systems design efforts has hampered the operations of the Division of Management and has resulted in an uncoordinated approach in providing the Commission with its common information needs.

Although, many of the Commission's management information systems are being developed with technical support from the Division of Management, two major developments have not been coordinated. One system is being developed by the Bureau of Competition in support of its litigation of the *Exxon et al.* case. The other system to provide an index digest for Commission decisions and related matters is being monitored by the Office of the Secretary.

The Commission hopes eventually to use the software programs being developed for the *Exxon et al.* case to process the Index Digest materials to provide a subject index of all Commission matters. Since the results of these separate efforts may eventually be consolidated, the investigative staff is concerned that the Commission has reversed normal systems development procedures to provide for a compatible data base. There is a danger that unless these independent systems developments are coordinated immediately, some phases of this work will result in duplicate but nonstandard data bases which will require further expenditures to affect compatibility. The task of consolidating these independent systems may prove to be a very difficult and time-consuming endeavor because common requirements have not been firmly established.

B. Index Digest System

In May 1973, the Commission awarded a contract to Matthew Bender and Co., Inc. (Matthew Bender). The contract provides for editorial services, printing, binding, and distribution of an index digest of FTC decisions and related

matters. The Office of the Secretary has the responsibility for monitoring contractor progress. A number of areas of concern relative to this contract are discussed as follows:

1. CONGRESSIONAL CONCERN

In the 1975 appropriation hearings before the Agriculture-Environmental and Consumer Protection Subcommittee, the chairman of the subcommittee raised questions concerning the money that had been spent to date, anticipated total costs of this system, the purpose of the system, and why it had been started prior to the advance approval of the Appropriations Committee.

The chairman of the FTC responded that:

- (1) To that time, \$96,197 had been expended.
- (2) Projected costs would total \$576,414.

(3) The index digest system effort was to satisfy certain provisions of the FTC Act and the Freedom of Information Act which require the publication of reports and indices. The digest would meet the needs of the FTC, consumer protection offices in the States, and the growing demand from various outside sources for information and prior decisions.

(4) There had been some confusion concerning the Commission's obligations and he assured the committee that no future expenditures of this magnitude would be undertaken outside the appropriation process.

The investigative staff shares the subcommittee's concern regarding the budgetary approval process.

2. UNAUTHORIZED CONTRACT AWARD

The FTC entered into the contract with Matthew Bender in May 1973, without having received budgetary approval for obligation fiscal year 1973 funds. Payments on the contract for that year amounted to about \$38,000.

Statutory requirements covering obligations for contracting are contained in title 31, section 605(a) of the U.S. Code which provides that:

"No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law."

Therefore, the investigative staff believes the Commission may have been in violation of this statutory provision when it authorized the award of the contract. The Commission has, however, requested funds for the index-digest system in subsequent budget submissions.

3. DENIAL OF REQUEST TO REPROGRAM FUNDS

After the contract was awarded, the Commission requested authority from the subcommittee to reprogram \$576,414 of unexpended personnel funds to the index digest system project. The subcommittee disallowed the Commission's request. During hearings for FTC's supplemental appropriation for fiscal year 1974, the subcommittee reiterated that funds should not be reprogrammed without prior approval.

If the Commission were allowed to reprogram unexpended personnel funds for the index digest system, it could establish a precedent whereby other projects that are personnel dependent could suffer. In another section of this report, it is noted that the lack of technical personnel skills has already affected the Commission's efforts to develop management information systems.

QUESTIONABLE CONTRACT AWARD

The Commission solicited proposals from approximately 48 vendors of which only 3 responded. The three proposals received were initially rejected: two for nonconformity to specifications, and one for submitting an unreasonable high bid.

A Commission screening committee held individual meetings with the three bidders and requested each to submit revised proposals. A member of the screening committee informed the investigative staff that minutes of these meetings do not exist. The investigative staff questions the propriety of failing to record what was discussed with the three bidders. Adequate documentation of contracting matters is highly desirable since it is not unusual for losing bidders to protest.

In March 1973, based on its knowledge of the companies and the content of the

revised bids, the screening committee unanimously recommended that the Commission accept the bid of Matthew Bender. The screening committee indicated that the Matthew Bender bid was the best according to price, as to meeting the criteria established in the specifications, and the ability of the company to produce the digest.

Bidders and proposed prices are shown in the following table.

BID PRICES

Bidder	Editorial	Production	Total
Lawyers Cooperative Publishing Co.....	\$669,526	\$287,080	\$956,606
Matthew Bender & Co., Inc.....	343,101	233,313	576,414
The Michie Co. (ITT).....	200,000	140,000	340,000

The steering committee compared the three bids and concluded that:

(a) "The bid by Lawyers Cooperative is too high; its charge for editorial service is twice that of the next highest bidder who proposes to do the same amount of editorial work.

(b) "The bid of Michie Co. (ITT) is too low, and the Commission must pay in some manner for such a low bid. Attention is called to the depth of the digesting proposed by each company. Michie Co. (ITT) proposes to do half the work envisioned by the other companies. If it did the work on the same scale as the other two bidders, its bid would approximate \$800,000.

(c) "The bid of Matthew Bender is the lowest and best bid judged on the basis of the work to be done, depth of digesting, and the price offered by the bid. It meets also the other criteria included in the specifications."

The investigative staff believes this is an insufficient basis for awarding a contract of this size. In view of missing documentation, the investigative staff cannot make an evaluation concerning the other criteria used by the committee in making its selection. However, the logic of this cost analysis appears to be inconsistent with the other findings of the screening committee.

Of significance, one of the members, who had contacted 16 librarians in the academic, public, and private sectors, found that the Lawyer's Cooperative had the best reputation, Michie Co. was next, and that Matthew Bender was rated a poor third.

The investigative staff questions whether the Commissioners in approving the award of contract were in possession of accurate or sufficient facts to make an informed decision.

5. COPYRIGHT PROVISIONS OF THE CONTRACT

The contract stipulates that the Commission will not publish and sell the digest or any updates for 10 years from the date of the contract, and that Matthew Bender will have the exclusive rights to sell the digest using its national field sales force. They plan to support their sales effort through a direct mail sales campaign to about 50,000 recipients, and through other methods. The price for the digest to sources outside the Commission is \$30 per volume or \$240 per set. Matthew Bender will receive revenues from such sales in addition to the \$576,414 contract amount.

In July 1972, the Commission requested approval from the Joint Committee on Printing to: " * * * contract for an index-digest system and publication of future volumes of decisions commercially * * *."

The Joint Committee on Printing, by letter dated September 14, 1972, approved the request to contract for editorial services but disapproved the Commission's request to have printing procured commercially. As a result of a number of communications between the Joint Committee on Printing and the Commission, the Committee in a letter dated December 8, 1972, approved the use of a commercial contract for editorial and printing services, including the sale of the index-digest by the commercial contractor.

While proper procedures were followed in this instance, the investigative staff believes in future negotiations, that contract provisions granting copyrights to commercial contractors may not always be to the best interest of the Government and should be entered into sparingly.

C. System for Litigation Information Management (SLIM)

The Bureau of Competition awarded a contract to Aspen Systems Corp. (Aspen), a subsidiary of the American Can Co., in December 1973. This contract supports the Commission's requirements for a system to process large volumes of documents and other information relating to the investigation and litigation of the *Exxon et al.* case, which is at a preliminary pretrial stage, with the trial not expected to commence before fiscal year 1978.

The Commission stated that this system may later be used in support of other major antitrust litigations. An additional justification of this effort was that it would provide most of the basic development work needed for a commission-wide document indexing capability for all internal legal and economic memorandums.

The computerized system has the capability of acquiring, storing, and retrieving information, data, and documents the FTC collects in the *Exxon et al.* case. The data base will include subpoenaed items, Government documents, and citations to journal articles, books, and newspaper clippings.

The SLIM is being developed in two phases. The first phase called the Basic system relies on hardware and proprietary software owned by Aspen and operated with contractor personnel. Commission officials stated that the Basic system had passed the acceptance tests in December 1974.

The second phase, called the Stand Alone phase is in the early design stage and is not expected to be operational before the end of fiscal year 1975. As the term implies, once operational the Commission maintains it should be possible to operate the system on other similar computer systems and not continue to be dependent on the contractor.

1. COSTS OF SYSTEM TO DATE

Estimated costs for the Aspen effort are \$1,203,000 through June 30, 1975. Thereafter, the system will require continued support at a high level of annual funding—perhaps in the range of \$500,000 to \$750,000 as the *Exxon et al.* case proceeds toward the trial stage, and as the system becomes part of the normal handling of large antitrust litigations. Specifically, the Director, Bureau of Competition, has indicated that nonpersonnel expenses, which include development of the computerized litigation support systems, will be exceptionally high.

The investigative staff agrees that a system with the stated objective of processing millions of pages of documents will undoubtedly carry a high price tag. Unfortunately, the investigative staff has not been able to determine the total projected costs of the system. Commission personnel were either unable or unwilling to provide continuing costs. They cited OMB restrictions on the divulgence of budgetary data beyond the current fiscal year and the confidentiality of pretrial information as reasons for refusing the requested information.

2. CONGRESSIONAL CONCERN

During the 1975 appropriation hearings before the Agriculture-Environmental and Consumer Protection Subcommittee, the chairman noted that the FTC has instituted a proceeding that is now traveling along the line of the administrative process, and that it may or may not end up in court. The Chairman of the FTC stated that it was proceeding both in the administrative process and in court, since various procedural moves have been made by some respondents in Federal district court relating to the complaint filed by the Commission.

The Investigative staff shares this concern since the possibility exists that the *Exxon et al.* case could be settled out of court. The residual value of SLIM to the FTC would be questionable should this occur. In addition, three of the Commissioners also expressed reservations regarding the need for or the benefits to the FTC of such a massive system primarily to support the litigation of one case. One Commissioner asked "What happens to our expenditure of \$1 million if the case folds or the companies consent?"; which is certainly a pertinent and logical question.

The investigative staff is further concerned with:

(a) The advisability of using a proprietary program owned by Aspen, a subsidiary of the American Can Co., for the support of a major antitrust litiga-

tion. The Commission is locked into the system until the end of fiscal year 1975 when the "Stand Alone" system is supposed to become operational.

(b) The increased costs necessary to safeguard the confidentiality and security of this data base which exists outside the FTC facility.

3. SAFEGUARDING DATA

The FTC is studying the need for security measures involving the *Exxon et al.* case. The Commission is aware that it must develop adequate procedures for safeguarding information in data files in order to persuade judges and respondents to release documents to complaint counsel and to prevent unauthorized access to FTC documents.

To accomplish this objective, the Commission must employ more costly procedures to:

- Protect against unauthorized entry into an online computer system located outside the Commission facility.

- Safeguard confidential files to assure information will be provided only to authorized personnel, and

- Provide control over physical access to assure against unauthorized entrance into the document center.

The costs of providing security for fiscal year 1975 alone is estimated to be \$91,000. The costs for continuing safeguards in subsequent years will add to these costs.

The investigative staff believes procedures to protect the confidentiality and security of data will be more costly and complex than anticipated because the FTC relies on a computer system which is dependent on terminals outside the Commission and on contractor personnel.

D. Investigative Staff Observations

The continuing development of these two major systems can only result in increased costs. These two systems account for approximately 50 percent of the total expenditures for information systems and data processing services.

In summary the investigative staff is concerned that:

- The Commission is entirely dependent on outside contractor personnel and hardware to process highly sensitive and confidential information.

- Reliance on outside contractor support results in higher costs.

- There may be limited residual value to the Commission if the *Slim* should the *Exxon et al.* case be settled out of court.

- Future coordination of these two systems will become more difficult the longer the independent developments continue.

- Attorneys are heavily involved in the design and monitoring of these systems while a technical staff exists in the Division of Management to perform these functions.

- Bureaus and offices contract for technical services instead of relying on the contracting personnel in the Administrative Service Division.

VI. DATA PROCESSING MANAGEMENT

A. Changes in Data Processing

During the past 2 years, a number of changes have taken place which have impacted on how the FTC meets its data processing needs. For many years, the Commission had relied mainly on an in-house Burroughs 283 computer, but beginning in fiscal year 1973, it contracted with a number of outside sources for its data processing services. The result of this change was that relatively simple batch-processing techniques employed by the in-house computer were replaced by far more complex online, third generation computer operations. Thus in-house computer methods were exchanged for dependence on outside sources.

B. In-House Computer

The Commission purchased and installed a Burroughs 283 in 1963. The computer was used to process a number of applications including payroll, the quarterly financial report (QFR), time and action reports and personnel status files.

In 1969, the B-283 was upgraded to a tape system with increased memory. Additional applications were taken on including a case tracking system and an interim financial management system which provided monthly man-hour reports by activity, quarterly case status reports, budgetary, and financial data.

In 1972, the Office of Management and Budget performed a study of the FTC's management information systems, statistical, and data processing activities. One of its recommendations was that the Commission dispose of its B-283 computer. This recommendation was based on the assumption that the Commission would reduce its computer workload by transferring its payroll function to the Department of the Treasury and the quarterly financial report (QFR) to the Department of Commerce. The Commission partially complied with the OMB recommendations. It transferred the payroll function to the Treasury in 1973, but continues to process the QFR.

In April 1973, the Commission took an initial step to dispose of the in-house computer by returning its four leased tape drives to the vendor. This action reduced the computer's capacity to the 1968 level, when it was limited to card processing. Those applications using magnetic tape became inoperable. The final demise of the in-house computer was completed in June 1974, when it was disposed of through the GSA surplus channels.

Although the disposal action is not in itself subject to criticism, the investigative staff believes the manner in which it was done is questionable. There is little to indicate that all possible alternates were considered prior to making the decision to acquire data processing services from outside sources. On the contrary, the action appears to have been a hasty and arbitrary one which overlooked possible residual value of the owned computer and actual rental credits which had occurred on leased equipment that could have been applied to upgrade the in-house computer capability.

C. Loss of Rental Credits

While the computer had been purchased, some of the equipment used by the Commission was leased with an option to buy. At the time of disposal, four Model B421 magnetic tape drives had each accrued \$18,000 in rental credits, or a total of \$75,800 which represented approximately 50 percent of the total purchase price.

GSA Federal Property Management Regulation 101-32.4702 required agencies to give 90 days' advance notice to allow GSA time to inform other Federal agencies of the availability of excess equipment. In this instance, the Commission did not give the GSA sufficient time to circularize the availability of this equipment among other Federal agencies. Thus, not only did the Commission fail to take advantage of these accrued credits, but it also denied other agencies the opportunity to do so.

A recent comparative cost analysis by the Division of Management questioned the disposing of the in-house computer without first considering the possibility of upgrading the computer system. The analysis showed that the computer could have been upgraded at a cost of \$120,000 per year plus some site preparation.

The Division of Management estimated that the increased capacity could have handled the programs currently being run at the Fairfax County Computer Center. These applications are projected to cost approximately \$312,063 for fiscal year 1975. In addition, contractor costs of about \$195,000 were incurred in fiscal year 1974 to convert in-house data bases and programs so that the applications could be run on the Fairfax computer.

D. Outside Data Processing Support

Beginning with fiscal year 1973, the Commission contracted with numerous outside sources for data processing services in support of its information systems and other applications. At present, the FTC relies on five major outside sources for its data processing services: The GSA, National Institutes of Health, Treasury, Fairfax County Computer Center, and the Aspen Systems Corporation.

The following table shows the sources of the data processing services and the costs for fiscal years 1974 and 1975.

CONTRACTOR COSTS FOR DATA PROCESSING SERVICES

Source	Fiscal year	
	1974	1975
Fairfax County Computer Center.....	\$66,764	\$312,963
National Institutes of Health.....	67,925	60,000
GSA-Infonet.....	53,744	141,172
Treasury.....	40,000	48,000
Aspen Systems Corp.....		141,400
Total.....	228,433	703,535

Note: These costs are limited to data processing services only and do not include contractual costs for systems design and development.

E. Increased data processing costs

It is significant to note that fiscal year 1975 projected costs in the amount of \$703,535 show a significant increase of \$475,102 over fiscal year 1974 costs of \$228,433. This represents an increase in excess of 200 percent. In interpreting these figures, however, it is necessary to recognize that increased data processing costs are partly due to additional applications and the development of the FTC's information systems.

Nonetheless, the investigative staff believes that much of this increase is due to the Commission's heavy reliance on outside contractors and the fragmentation of services inherent in this type of operation.

F. Estimated costs of alternative methods

The Division of Management recently made a comparative cost analysis to estimate what it would cost to acquire data processing services through alternative methods. The results of this study are shown in the following table:

COMPARATIVE COSTS FOR ACQUIRING DATA PROCESSING SERVICES

[In thousands of dollars]

	Existing operations	Consolidated Service Bureau	Facilities management	In-house computer
Recurring annual costs:				
Data processing support.....	\$703	\$622	\$357	\$358
Personnel.....	158	158	365	223
Total recurring.....	861	780	722	581
Nonrecurring costs:				
Site preparation.....			120	120
Conversion.....		26	26	26
Total nonrecurring.....		26	146	146
Total costs.....	861	806	868	727

This study indicates a cost reduction could be realized through the use of an in-house computer immediately upon conversion. If one compares totals, annual recurring costs plus one-time conversion costs, there would be a first-year cost of \$727,000 for an in-house computer as compared to the second lowest cost alternative for a consolidated service bureau of \$800,000 or a cost reduction of \$79,000. Beginning with the second year of operations, the cost reduction becomes more pronounced with in-house computer costs of \$581,000 versus consolidated service bureau costs of \$780,000 or a recurring annual cost reduction of \$199,000.

Cost comparisons become more meaningful if one compares the cost of the present operation with the in-house methods. During the first year, annual recurring costs of the existing operations are \$861,000 as compared with first year total costs for an in-house computer of \$727,000 or a cost difference of \$134,000. Starting in the second year of operation, the cost would be \$861,000 for the present system as compared with an in-house cost of \$581,000 or a cost reduction of \$280,000. Projected over a 5-year period, which is a reasonable life expectancy for a computer system, savings could total \$1,254,000 (\$134,000 in the first year, plus \$280,000 in each of the remaining 4 years).

The cost projections are based on two assumptions. First, that a medium scale computer would meet the Commission's data processing needs over the projected 5-year period. Second, that computer use can reasonably be expected to increase as new applications are added and the present MIS developments progress further.

The investigative staff believes these cost savings are conservative as an unexpectedly large increase in data processing resulting from new legislation or other unexpected demands would require a larger scale computer which would obtain still greater savings from an in-house computer operation.

G. Inaccurate costs reported to OMB

Executive branch agencies are required to submit ADP costs to OMB as a part of Circular A-11, revised. Cost data are to be shown by capital investments, in-house and contractor services, and telecommunications. OMB uses this data to prepare the President's budget, to determine mixes of in-house versus contractor efforts, and to make decisions on agency data processing budgets.

The data submitted by FTC in response to this requirement have been grossly inaccurate and present a distorted picture of the Commission's data processing activities. The following table illustrates the differences between the amounts reported to OMB and those provided to the investigative staff.

	Fiscal year	
	1974	1975 estimate
Amounts reported to OMB.....	\$693,000	\$1,123,000
Amounts provided the investigative staff.....	1,232,741	2,256,523
Differences.....	539,741	1,133,423

The investigative staff was informed that the fiscal year 1974 figures had been taken from the prior year report which had contained erroneous figures. The fiscal year 1975 costs were understated because they did not include the Aspen Systems Corp., Inc., contract in support of the *Exxon et al.* case which accounts for \$1,040,800 of the difference.

The investigative staff is of the opinion that this is an illustration of inaccurate reporting and a direct result of the Commission's failure to fully consolidate and control its MIS and data processing activities.

H. Security of Data

The confidentiality of FTC's information is critical, particularly in the emerging area of the line-of-business reporting system. FTC has taken certain precautions to insure the confidentiality and security of Commission data. However, the investigative staff was informed by FTC personnel that there have been instances which raise serious questions regarding security of data. For example, the Fairfax County Computer Center, which processes the quarterly financial report and appears to be the leading candidate for processing the line-of-business report, erroneously transmitted a report to the FCC which was intended for the Fairfax Water Authority. While this represents an isolated instance, it does illustrate the possibility that sensitive FTC data could be supplied unintentionally to other computer users.

Some methods of processing information are inherently more secure than others. An in-house dedicated computer with limited access offers the most secure system. Multicontractor-operated computers geographically dispersed, using terminals and communication lines and operated by other than FTC personnel, offer less protection, and make the safeguarding of information much more difficult.

Safeguards must provide provisions to minimize risks against physical damage to the computer facility, and intentional or accidental exposure or loss of data in files. Specifically, controls must protect against—

Physical hazards, involving fire, power failures, water damage, vandalism, and explosions;

Equipment failures including failures of the central computer and peripheral equipment, terminals, and communication lines;

Human errors involving intentional or accidental disruption or loss of data through personnel action or inaction, including destruction or erasure of data; and

Software failures caused by computer programs resulting in loss of data.

If the Commission is to succeed in its attempt to gather industry data for the line-of-business report, it will have to convince Congress, the courts, GAO, and industry of the confidentiality and security of its systems.

I. Lack of Long-Range Data Processing Plan

The Commission has not yet developed a comprehensive, long-range plan to select, budget, and account for the most effective use of its data processing resources. The present proliferation of data processing support indicates an urgent need for the prompt formulation of a long-range plan.

While proper emphasis has been placed on the development of information systems, less attention has been given to the methods of procuring data processing services. If the Commission continues to procrastinate and additional applications are processed on a number of outside computers, costs for conversion at a later date will be greater.

The investigative staff believes that the Commission should consider carefully all alternate methods of acquiring needed services, including the use of an in-house computer, and the possibility of sharing through a joint regulatory computer center. Complete cost benefit analysis should be made to select the most efficient and effective methods to provide the commission long-range, as well as short range, data requirements. (See pt. B of app. 5.)

VIII. PRIOR STUDIES OF THE FEDERAL TRADE COMMISSION

Since 1968, there have been a number of highly critical studies dealing with the Federal Trade Commission. All these reports contained the common criticism that the FTC could be doing a better job. Most of the earlier reports covered management and organizational weaknesses but did not deal directly with management information systems. Comments presented in the following paragraphs are limited to those sections of the reports dealing with information systems, automatic data processing and related activities.

A. Nader and American Bar Association Reports

The Nader report and the American Bar Association report, pointed out a number of serious management deficiencies which could be partly attributable to the lack of effective management information systems. Some of the criticisms contained in these reports deal with the need to establish priorities for the most efficient expenditures of resources, inadequate planning, mismanagement of resources, and preoccupation with trivial matters.

B. Bureau of the Budget, January 1970 Report

The Bureau of the Budget (now Office of Management and Budget) completed its study in January 1970. The report stated that there was a lack of direction in practically every program, that there was no systematic program planning or review, that channels of communications were either rigid or clogged, and that there was no means by which the agency's operations could be measured.

C. National Archives and Records Service, GSA

An October 1969 survey by the National Archives and Records Service, GSA dealt with the need for improvement of ADP and other paperwork systems. It resulted in the recommendation that FTC install an automated case history file and reporting system. Information obtained by the Investigative Staff indicates that this recommendation was partially adopted and that some improvements have been and are continuing to be made in the case history file reporting system.

D. Office of Management and Budget Report

In May 1972, OMB issued a report on "A Review of the Federal Trade Commission's Management Information, Statistical, and Automatic Data Processing Activities." This represented a major review of FTC's management information and ADP needs. It probably had the greatest effect on how the Commission is seeking to meet its present ADP requirements. The report contained a number of recommendations which resulted in changes in information systems and the data processing methods employed at the FTC.

OMB recommended that the Commission:

Develop an information system which would permit control and review of major work assignments.

Transfer its payroll processing function to the Department of the Treasury and the preparation of the QFR to the Department of Commerce.

Establish a single office to centralize management analysis, systems design, and the acquisition of data processing services.

Dispose of its inhouse computer and use offsite computers.

The OMB study represents the first comprehensive review of the FTC management information, statistics, and ADP areas. The study had an awakening effect which led to the partial centralization of systems design and data processing functions. It motivated an FTC information system study that further identified existing management and information problems, which eventually led to the current information systems development.

In general, recommendations to improve the quality of the management information were sound. However, the investigative staff is of the opinion that the disposal of the inhouse computer may have been an error. At the time of the OMB study, approximately 90 percent of the workload was being processed on the inhouse computer. At present, all data processing services are provided by outside sources for a number of reasons which are discussed in the ADP section.

E. Surveys and Investigations Staff, House Appropriations Committee Report, March 1972

A report to the Committee on Appropriations, U.S. House of Representatives on the programs of the Federal Trade Commission dated March 1972, noted that Commission officials had stated that the FTC was devoid of personnel with management backgrounds and experience who could develop, implement, and evaluate programs. Concern was expressed that the FTC had no computer capability to assist in the management of its affairs, that the inhouse computer had been obsolete for years, and that there were no programs to produce meaningful management information.

Since the issuance of the Survey and Investigations Staff Report, changes have been made within the Commission. The Division of Management was formed in November 1972, with responsibility for systems analysis and design, and management analysis functions to provide the technical know-how to support the informational requirements on an agencywide basis. However, to date, the effort has been only partially successful since major information systems still are being designed on an independent basis.

F. FTC Information System Study, January 1974

The Division of Management in 1973, performed the first, comprehensive, internal information system study. A detailed report was issued in January 1974 which identified many of the problems existing at the Commission and which contained a number of recommendations for providing the different levels of the Commission with the kinds of information necessary for more efficient management, planning, and operation.

The report proposed a plan for the review and approval of a master plan, the selection of a computer to meet short and longer range needs, and the implementation of identified information systems. [See appendix 4.] It recommended that the Commission:

Determine information needed to support the FTC functions.

Establish conceptual design for a manual and automated system to meet present and foreseeable requirements.

Make cost-benefit analysis pertinent to automating design concepts.

Plan steps necessary to implement the system design in an orderly manner.

Take actions necessary to design and develop the information system.

The design philosophy included provision for an online capability of accessing information from the files through the use of cathode ray video terminals with associated typewriter keyboard.

The study confirmed that information was a problem; that there was a lack of data and procedures for management evaluation and decisionmaking; that there was no adequate means of communicating information in a timely manner; and that channels for disseminating information on cases, programs, commission policy, and general matters were not sufficient. It focused attention on the deficiencies existing within the FTC and formally brought them to the attention of the Commission. While there was disagreement between bureau and office directors on many points, the report forced many of these issues to the surface for discussion and action.

1. MIS PROBLEMS EXISTING IN 1973

Existing major problems were identified and highlighted in the FTC's information system study. The investigative staff concurs generally with the following deficiencies noted in the report:

Extensive duplication of records and a lack of accessibility and accuracy of the records.

Inadequacies in indexing and retrieval.

Lost, misplaced, or misfiled records.

No exception type information incorporated in reports regarding cost benefits or impact measurements.

Procedures and information to support effective decisionmaking in many of the Commission's activities are lacking.

Information and evaluation criteria used for case selection are inconsistent and each office applies a different set of criteria to analyze information for case selection.

Adequate means of communicating information in a timely manner are lacking at the FTC.

The inhouse computer is inadequate and must be replaced with new capabilities.

2. COST OF THE FTC STUDY

The information system study took approximately 3.7 man-years to complete at an approximate cost of \$100,000. The study was finished in August 1973 and submitted to the Commission, but was never formally approved. The report was reviewed by the operating bureaus and offices and written comments were submitted. The final report was issued in January 1974.

3. FTC COMMENTS ON INFORMATION SYSTEM STUDY

Bureau and office directors were given the opportunity to review and comment on the draft report of the information system study. Reactions varied from favorable to highly critical, but there was a general acceptance in principle of the need for improving information systems within the FTC.

Strong concern was expressed relative to possible organizational impacts; the scope and complexity of the overall information system; and of the cost to develop and implement such a system. The former executive director questioned whether the proposed system wasn't too grandiose in relation to the Commission's size, resources, needs, and capabilities for implementing the information systems. On the other hand, the present executive director stated in a memorandum dated December 5, 1973, that the report represented a professional, comprehensive, and informational document that broadly addressed all aspects of the Commission's information needs.

4. INVESTIGATIVE STAFF COMMENTS ON THE FTC STUDY

The FTC's information system study represents the most inclusive effort made in the Commission's information systems and data processing areas. It proposed a conceptual framework which, for the most part, is sound. The investigative staff does not agree, however, that at present, there is a demonstrated need for costlier online and update capabilities to permit immediate access to information. An effective batch processing system should provide the present information needs of the Commission on a more economical basis.

A positive result of the study was the establishment of a top level MIS review committee and task forces to give direction and to establish the design pattern of the present MIS effort.

G. Committee on Interstate and Foreign Commerce Subcommittee on Commerce and Finance F.T.C.—October 31, 1974

The Subcommittee on Commerce and Finance staff report on the Federal Trade Commission operations contained a number of criticisms on the Commission's management information systems. The report questioned the—

- (1) Need for a comprehensive management information system.
- (2) Cost of centrally collecting information.

- (3) Accuracy of information being collected.

Following are highlights contained in the report together with investigative staff comments:

1. NEED FOR MIS

"* * * the need for such an elaborate system by the FTC, citing the relatively small number of information items which pass through the various stages of the FTC's investigation and litigation procedures * * *."

The investigative staff fully agrees that the need for a MIS, should be clearly demonstrated on a cost or other benefit basis. However, the present MIS effort is composed of three major systems and only the case/project tracking and status system deals with investigation and litigation case workloads, while the other two cover financial management and operational planning and control. In the opinion of the investigative staff, the current information systems effort is a step in the right direction which should eventually provide more useful information.

2. INACCURATE DATA AND COST VERSUS TIMELINESS OF DATA

"It is obvious that a system which collects data of dubious accuracy and bases resource decisions upon these data, is one which will have very little utility to managers.

"Secondly, suppose that good data have been collected. There is some question how useful it is to have these data available at a moment's notice. (Note: Here that speed and cost are directly related. A high price is paid for timely information, immediately available.)

"Finally, although the FTC is not in possession of a base of information which can be used to judge present performance and predict future resource needs, these data are not necessarily needed immediately 'on-call' in a computerized systems."

The investigative staff concurs that "garbage-in" can only result in "garbage-out" and that there is much that the Commission must do to clean up its data base.

However, there seems to be some confusion concerning the terms "timely information" and "immediately available." These terms are not as the report would seem to imply, synonymous. Timeliness is an essential requirement of any effective management information system while immediately "on-call" is not and implies an online capability, involving the hook-up of terminals with a central computer making data accessible as desired.

The investigative staff agrees that the timeliness requirement can be met on a more economical basis by using other than online techniques.

3. CENTRALIZED INFORMATION SYSTEM

"* * * we question the utility of a centralized, multiuser system. We feel this approach is unnecessarily complicated and expensive for an agency the size of the FTC whose volume of material being processed falls so rapidly at the initial stages of the process. We feel a set of smaller systems, decentralized for the needs of specific units in the FTC is a more practical approach: user-managers at the Bureau levels—can insure the quality of the data more effectively than central management. The amount of timely data needed by management seems to be rather small—an additional reason for small decentralized systems * * *."

Theoretically, the question of centralized versus decentralized operations has been vigorously debated over the years. The investigative staff is aware that under certain circumstances, a decentralized approach may be advantageous.

However, since the FTC has historically performed in a decentralized mode with little success, the investigative staff strongly disagrees with the report's advocacy of a return to decentralized information systems. It does not seem logical for the report on the one hand to recognize and criticize the data produced by such a system as inaccurate and unavailable, and at the same time to advocate a return to the decentralized systems approach. Past experience has demonstrated that this approach has not fostered a viable, effective information system program.

The investigative staff believes that the FTC effort to centralize the management information systems should:

Minimize wasteful and redundant systems design and development involving scarce technical talents.

Reduce the need for the professional staff to get excessively involved in systems design and administrative matters.

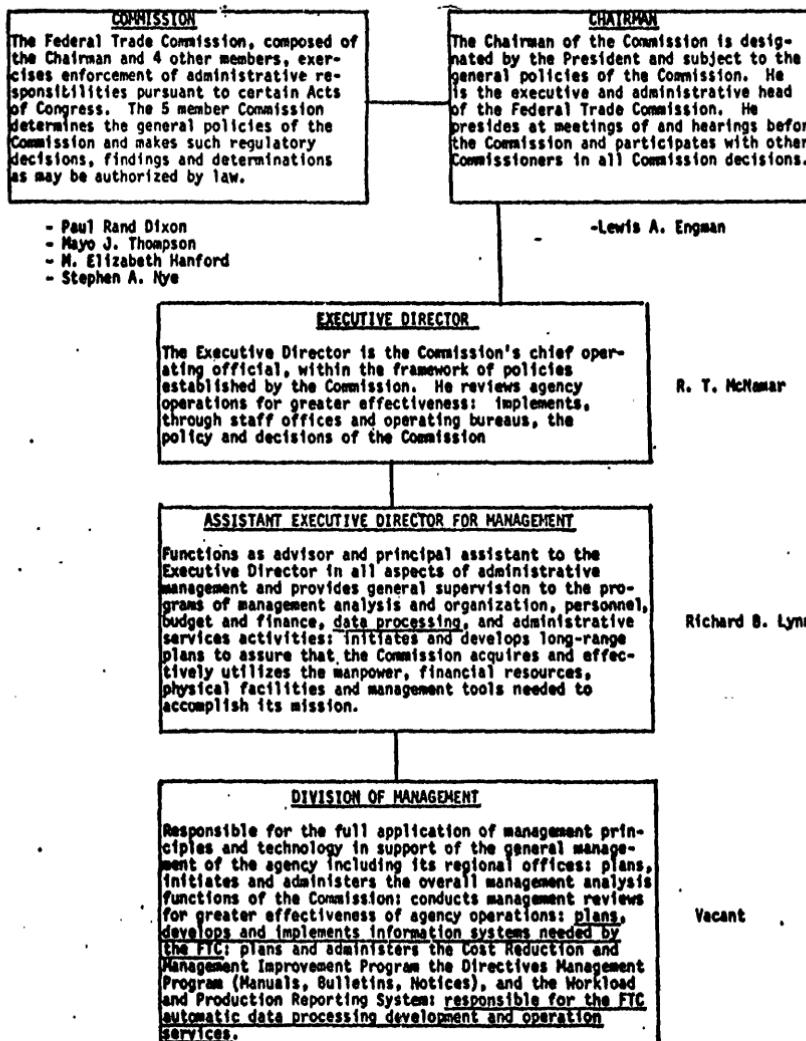
Standardize data elements, records and procedures.

Minimize duplication in recordkeeping, record storage and report preparation.

An indication of the magnitude of duplication existing within the Commission may be illustrated by the following: The Office of Regional Operations reported that for fiscal year 1974, regional offices spent approximately \$167,000 for the maintenance of logs and the preparation of reports. The Bureau of Consumer Protection estimates its annual salaries for staff performing similar functions to be \$126,000.

APPENDIX 1

**FEDERAL TRADE COMMISSION
MANAGEMENT INFORMATION SYSTEMS AND DATA PROCESSING
ORGANIZATIONAL FLOW CHART**



STATUS OF SYSTEM DEVELOPMENT EFFORTS AS OF DEC. 9, 1974

MAJOR SYSTEMS

Document index retrieval and analysis (Exxon et al.)

Basic—Start date, 1973; completion date, December 1974.

Stand alone—Start date, January 1975; completion date, June 1976.

Codification of FTC rules and decisions (Index/digest)

Start date, May 1973; completion date, January 1977; present status, in development.

Case/project tracking system (including automated case information system and basis)

Basis—Start date, November 1972; completion date, February 1973; present status, will be replaced by CPTS.

ACIS—Start date, July 1973; completion date, December 1973; present status, system not used.

CPTS—Start date, March 1974; completion date, projected to be December 1974; present status, in development.

Financial management

Phase I—Interim Financial reporting system.—Start date, July 1973; completion date, October 1973; present status, operational.

Phase II.—Start date, October 1973; completion date, February 1975; present status, in development.

Operational planning and control system

Start date, March 1974; completion date, projected July 1975; present status, in development.

Payroll processing

Capability switched from Burroughs B-283 in-house computer to Treasury Department payroll processing system in July 1973; Present status, operational.

Economic analysis

Continuing on-line interactive service user for research analysis.

Personnel system

Start date, after initial experimentation in February 1974, basic system development started in September 1974; completion date, scheduled for January 1975; present status, in development.

Office of public information—Mail and media address listing

Start date, April 1974 for in-house system; completion date, July 1974; present status, operational.

Quarterly financial report system

Start date, system operational on Burroughs B-283 computer, expansion of operational capability began June 1973. Report processing transferred to Fairfax County Computer Center in January 1974; completion date, May 1974; present status, operational.

OTHER SYSTEMS

Office of the general counsel system

Start date, March 1974; completion date, April 1974; present status, operational.

Furniture inventory

Start date, implemented on interactive computer in February 1973, converted to batch processing system in September 1974; present status, operational.

Text processing

Start date, June 1974; completion date, conceptual description of FTC's text processing requirements and preliminary cost/benefit analysis completed in August 1974; present status, in early development.

PROALF—Budget formulation model on interactive computer service

Start date, February 1974; completion date, February 1974; present status, dropped.

GSA stock ordering

Start date, converted from Burroughs B-283 computer to batch processing system in 1973; present status, operational.

APPENDIX 3**TENURE OF COMMISSION PERSONNEL INVOLVED IN MIS AND DATA PROCESSING ACTIVITIES**

	From	To
Executive Director:		
Richard T. McNamar.....	December 1973.....	Present.
Charles A. Tobin (acting).....	July 1973.....	December 1973.
Basil J. Mezines.....	November 1970.....	June 1973.
Assistant Executive Director for Management:		
Richard B. Lynn.....	February 1974.....	Present.
John A. Delaney.....	March 1971.....	December 1973.
Management Division, Chief:		
Vacant.....	October 1974.....	Present.
James E. Hughes.....	November 1972 ¹	October 1974.
Information Systems Center: Robert T. Caravelia.....	August 1974 ²	Present.

DIVISION OF MANAGEMENT, PROFESSIONAL STAFF—SUMMARY OF PERSONNEL TURNOVER, NOVEMBER 1972 TO PRESENT

On board as of November 1972.....	15
Accessions.....	20
Departures.....	13
Net gain.....	7
Present strength.....	22

¹ Date management division was formed.

² Date Information Systems Center was formed.

APPENDIX 4**STATUS OF FTC INFORMATION SYSTEMS STUDY RECOMMENDATIONS,
JANUARY 1974**

The Chief of the Division of Management in a memorandum to the investigative staff, dated October 11, 1974, commented on the status of the recommendations contained in the information system study report summary as follows:

Recommendation.—The Executive Director be provided the tools necessary to discharge his management function, including the information and procedures necessary to direct, coordinate, and control the performance of the staff.

Status.—The information systems currently under development for financial management system, the case tracking system, and the operational planning and control system will, when fully implemented, provide the Executive Director with this information. Procedures and new policy statements have not been formulated to communicate the new reporting requirements.

Recommendation.—An information system be developed to support the fiscal year 1976 operational planning cycle.

Status.—The information system currently under development will support this operational planning cycle.

Recommendation.—Both the workload and production, and time and action reporting systems be replaced with a system designed to provide data to measure performance against plans to accumulate history on FTC cases and activities.

Status.—The time and action reporting system has been replaced by a weekly activity reporting system. Professional staff report all time worked on all cases and projects for each activity performed.

The workload and production report has been partially revised and plans are to continue to make revisions to more adequately reflect professional staff activities to planned activities. This effort is an integral part of the case tracking system currently under development. The current target date for completion of a new workload measurement capability is January 15, 1975.

Recommendation.—A joint task force consisting of representatives from the Office of Planning and Evaluation, Division of Budget and Finance, the Division of Management and the operating bureaus be assigned the responsibility for documenting and implementing the systems and procedures required to institute the program and operational planning process for fiscal year 1978.

Status.—Operational plans for program planning has been accomplished for the fiscal year 1978 budget. Strategic (long-range) plans have not been formalized as recommended in the information study report. Until cost budget information can be provided and strategic planning theories developed, long-range planning remains a problem.

Recommendation.—The preliminary investigation be utilized as the means for determining cost/benefits resource requirements, and milestone schedules for cases recommended for formal investigation.

Status.—Currently, the purpose of the preliminary investigation does not include the above. A case planning and scheduling requirement as part of the case/project tracking and status system will require the professional staff to establish milestone (events) for cases recommended for formal investigations. Resources requirements will also be identified. Cost/benefits have not been included at this time pending the creation of a methodology for determining benefits of a case. The Office of Policy Planning and Evaluation is concerned with this item and will be making a recommendation on this matter to the Commission.

Recommendation.—Emphasis be placed upon the continuing conduct of research efforts into the development of theories and identifying new sources of relevant data (for example, line of business).

Status.—The line-of-business program has been approved and is currently being implemented by the Bureau of Economics. Initial data will be available in late fiscal year 1975, but other sources of reliable data have not as yet been identified. The research projects to develop theories effective for strategic planning are currently underway. The Office of Policy Planning and Evaluation has just recently been restaffed and will be more active in this area.

Recommendation.—In conjunction with the development of an operational planning system, an activity classification restructure be devised to allow for the aggregation of case activities to the objectives and goals which they support. Through such aggregation of activity some level of program evaluation can be conducted on an ongoing basis, and pending availability of data and theories, a limited strategic planning capability would evolve.

Status.—The information system is flexible and can be the vehicle for reporting other kinds of activities. The current system relates activity to program but not to specific objectives or goals.

Recommendation.—Accurate time and action information be recorded and made readily available in summary and detail form (as appropriate to each level of management) by milestone within type of case to assist in case scheduling and evaluation.

Status.—The case/project tracking and status system will accommodate the requirements. The system goes further than the 7-digit case. It includes all preliminary and 7 digits cases, and projects conducted by the Commission. The case scheduling system to be implemented in October 1974 will provide milestone (events) and resource requirements data.

Recommendation.—A microfilm system be developed that will capture the information on documents as soon as practicable after they are produced.

Status.—A microfilm program began in late fiscal year 1974. Case records are being microfilmed on closed cases once all documents are in the file. This system will be expanded as time and funds permit.

Recommendation.—A new indexing and retrieval system be developed combining the capabilities of the computer with the microfilm system. On such a system, capabilities should exist for changing the index as needs change and providing for speed, ease, and comprehensive in the retrieval process.

Status.—The direct coordination between the computer and microfilm file has been appropriate up to the present time. This recommendation should be implemented as the computer system and microfilm system are more fully developed.

Recommendation.—System support has been inadequate to design and implement an accounting system that meets the requirements and desires of the financial management staff.

Status.—Additional support was provided to the Division of Budget and Finance to assist in the systems development. The Financial Management System

is still considered an interim system. Additional analysis is needed to further refine the information and reporting capabilities.

Recommendation.—An information system be developed to allow immediate, authorized access to the existence, status, and description of all ongoing cases and projects.

Status.—The case/project tracking and status system is an online computer system capable of direct inquiry. Computer terminals will be installed during the second quarter of fiscal year 1975. Plans call for installing computer terminals in regional offices in fiscal year 1976, providing regions direct access to this information.

Recommendation.—The current highlights report be reviewed for content and format, and where applicable, simplified for improved communication of Commission activities.

Status.—Review of highlights report has been recommended by the Executive Director; however, staff time is not yet available to complete this review.

APPENDIX 5

REPORT TO THE INVESTIGATIVE STAFF

In a memorandum dated December 10, 1974, the Executive Director informed the investigative staff of major improvements he considered to have been made within the Commission during his tenure of office. Those portions which deal with MIS, ADP, or related areas are briefly discussed in the following paragraphs.

A. MIS SUPPORT IMPROVEMENTS

Involved managers of operating units in the identification of information requirements and priorities, and in the design decisions.

Designed and implemented a case/project tracking and status system that will become fully operational in January 1975. The system requires responsible managers to schedule completion data of each program component, and adjust target dates as necessary.

Designed and implemented a weekly activity reporting system coupled with an improved financial management system to provide costs for both programs and program components—cases, projects, and rulemaking activities.

Provided more accurate and timely information on the status of financial obligations and disbursements.

Revised all MIS design, development, and implementation plans in the fourth quarter of fiscal year 1974.

Started more stringent accounting controls in a number of areas—for example, travel orders and purchase orders—to guard against unauthorized commitments of funds.

Installed a personnel management information system for more timely processing of personnel transactions and management reports.

B. DATA PROCESSING IMPROVEMENTS

Reviewed the Commission's overall efforts in data processing and began staff work to rationalize and begin the long-term integration of all data processing, including—

Analyzing data security requirements;

Drafting alternatives for a hardware and software strategy considering consolidated service bureau, facilities management, and in-house computer approaches;

Planning improvements to the exiting data processing operations; and

Drafting policy and operating statements for an information system center.

FOLLOW UP PROCEDURES ON MANAGEMENT AND ORGANIZATION RECOMMENDATIONS

Mr. SMITH. I want to ask you about several of the matters that were discussed in the investigative reports.

According to the report there is an absence of effective formalized followup procedure at the Commission. Has the Commission taken any action to implement effective followup procedures?

Mr. ENGMAN. Which ones? I don't believe I have seen these reports. What is the date of that and what followup procedures are you referring to?

Mr. SMITH. You do have copies of these?

Mr. ENGMAN. We do not have copies.

Mr. SMITH. You don't have them yet?

Mr. ENGMAN. No.

Mr. SMITH. We will just have to ask the questions and then you will get the report.

I will read a couple of sentences here that I think will lay it out well enough for you:

One serious weakness noted by the investigative staff is the failure of the Commissioners, Chairman, and operating bureau officials to take effective and timely actions on management and organization recommendations made in both internal and external management reports and studies. There is a complete absence of an effective formalized followup procedure at the Commission.

In other words, it is a conclusion of the report that you have these management studies and recommendations, but there is not enough followup on them.

Mr. ENGMAN. I have two answers to that, Mr. Chairman.

First of all, to the extent that I as the chief executive officer of the Agency request members of the staff to explore certain questions, I do not believe that I necessarily have a responsibility in line with the other priorities of the Commission at any given time to necessarily act upon or deny or affirm each particular recommendation. Obviously the matters are undertaken for a specific purpose, and times change, just as the Congress does not vote on each bill introduced in lieu of what is dictated by the overall priorities-setting process. Beyond that, however, I think that there had been a great deal of slippage at the Commission internally in the past with respect to these kinds of matters. That was the primary purpose behind the whole concept of this management information system program, the concept of trying to improve the flow of information we have, and spotlighting and targeting attention to those areas where there are formal kinds of proposals that may not for whatever reason be getting the kind of attention they deserve over a period of time.

I think that the kinds of initiatives which we have taken, which I referred to briefly and which I referred to in my prepared statement are a response to this kind of criticism.

As a caveat, I throw out the other observation as well.

PERSONNEL TURNOVER

Mr. SMITH. The investigative report also notes that personnel turnover in the Commission and particularly in key managerial positions has been very substantial and this loss of continuity has prevented management improvements from being fully implemented. Have you had a substantial number of personnel turnovers?

Mr. ENGMAN. That depends on how you define the question. Let me take that in two separate compartments, Mr. Chairman. First of all, the Federal Trade Commission, at least by Federal standards, is a fairly small agency and in terms of our substantial operating bureau heads we have perhaps eight or nine people who are responsive

directly to the Chairman and the Commission with respect to implementing Commission policy.

Depending upon the period of time which is examined, there may very well be substantial changes in Commission top-level personnel. Depending on whether there are changes on the membership of the Commission, that may be as it should be, I respectfully suggest to the committee.

I have been chairman since the beginning of 1973, and since the time I have been chairman almost every top individual, reporting to me with operating kinds of major responsibilities, has changed. And so, depending on the time frame, since I have not seen the report I don't know what time frame they were looking at, you could have 100 percent turnover. Just as when a new administration comes in, I think there is some advantage to at least reassessing as to whether or not you want to change personnel. If we go beyond that—

Mr. SMITH. Excuse me. It is using a four-year period.

Mr. ENGMAN. There have been three chairmen in the last 4 or 5 years. If you go beyond that and look down to the staff level, the attorney level, there has been a significant change in turnover as a matter of fact. When I came on board in the beginning of 1973, at the staff level I think our turnover rate was in the neighborhood of 25 to 28 percent. This current year it is in the neighborhood of 12 or 13 percent. This is a substantial reduction in turnover. I am sure there may be a number of reasons which led to that, but the trend has gone down. Any kind of overall assessment of the staffing turnover in the Commission has been in that direction, with the exception of the Bureau heads, if you want to single those out.

Mr. SMITH. Have you compared your retention rate with those of some of the other agencies that are somewhat comparable, such as FBI, IRS, and the Justice Department?

Mr. ENGMAN. I have not. I don't have any current data on that, Mr. Chairman. I think that the turnover rate that we now have, if it holds up for the rest of the year is a reflection of economic conditions and a great deal of interest in the FTC. We do have a great deal of interest by young lawyers, with outstanding records, who want to come and work with us. That is an indication we are doing very well. My impression would be that we have a very low turnover rate vis-a-vis these other agencies.

LENGTH OF EMPLOYMENT FOR ATTORNEYS

Mr. SMITH. As in the case of the other agencies, some of those people want to work for the FTC because it is good experience to have for employment later on. Do you have any policy with respect to expecting them to stay a certain length of time?

Mr. ENGMAN. We are not generally anxious to hire people who are just going to be around for a short period of time. Obviously that is not a factor that you necessarily can project. Although you can discuss the problem with the individual at the present time, particularly if a lawyer is really good, he will be a prime candidate for private firms who can outbid us from a monetary point of view.

Mr. SMITH. I think some of the agencies I mentioned try to get an oral commitment that they intend to stay for at least a certain length of time.

Mr. ENGMAN. In the interviewing process we discuss that with the individual. I suggest that in any kind of situation, that is not an enforceable kind of pledge.

Mr. SMITH. It is not binding, but they get a pledge.

FTC MANUALS

The investigative report also states that the Commission manuals are seriously outdated. The personnel don't have up-to-date manuals to use in trying to carry out the programs. Have you taken any action on that?

Mr. ENGMAN. We are taking action continually on that score. One of the problems has been that we have instituted major changes in the last year and a half in the way we do business internally. The fact those changes come into being means that the manuals are out of date. The manuals are being updated as rapidly as we can.

PHYSICAL INVENTORY OF COMMISSION PROPERTY

Mr. SMITH. The next item in the report concerns inventories of property. The report states that as of August 30, 1974, there was no inventory of the Commission's property.

Mr. ENGMAN. Well, I understand that questions were raised on that score last year. I discussed that matter with the Executive Director and his assistant, Mr. Lynn. I am advised that at the present time, at least, our revised inventory and property maintenance procedures are fully in accord with GAO and GSA standards and specifications.

Mr. SMITH. Who would be responsible for keeping the inventory?

Mr. ENGMAN. That is ultimately Mr. McNamar's responsibility.

Mr. SMITH. Would you respond?

Mr. McNAMAR. We have instituted a computerized physical property management system and are in the process of taking a physical inventory of the entire Commission's property.

Mr. SMITH. You are in the process now?

Mr. McNAMAR. Yes, sir. I believe that should be finished at the end of this month, before the 1st of June. Most or many of the units have been done now. There are a few remaining to be done.

Mr. SMITH. Let me ask you then, because you should be the one that knows. The report also says that there is an excess of certain kinds of office equipment, such as two typewriters for each clerical position. How did that come about?

Mr. McNAMAR. I can not respond to that in the abstract. I am surprised at that criticism. I don't believe that point was raised with us. I would like to see the committee report and respond in writing, if I may.

Mr. SMITH. Please look into this and supply further information for the record.

Mr. McNAMAR. Thank you, sir. We will.

[The following information was provided:]

EXCESSIVE NUMBERS OF TYPEWRITERS

The FTC has no reason to question the number of typewriters listed in the investigative staff report. However, the FTC has and continues to have a policy to issue typewriters to the professional staff; that is, attorneys and economists who request them. These professionals use them to draft summaries, legal and research notes, et cetera. The ratio of typewriters to both professional and clerical staff combined is 0.75 to 1. For the most part, the typewriters used by professionals are manual typewriters which would have otherwise been disposed of as excess as the FTC moves into more modern administrative methods and practices; for example, electric typewriters and MTST word processing machines. These older manual typewriters do not command a very favorable trade-in allowance for word-processing equipment.

The electric and magnetic typewriters are issued to typing stations and word-processing centers. These are assigned to positions filled by experienced operators where the work performed clearly justifies such equipment.

MANAGEMENT OF GOVERNMENT-OWNED PROPERTY

Mr. SLACK. Would you yield on that particular point?

I have been reviewing this investigative report, and in this particular area I note that on page 66, it states that the management of Government-owned property by the Commission has been found to be seriously deficient. For example, on August 30, 1974, the investigative staff was told by an employee of the Division of Administrative Services that a property inventory had not been conducted since July 1, 1971. On this same date the investigative staff requested current listings of property for both the office equipment and furniture and fixture categories.

On September 19, 1974, the office equipment listing totaling just over \$1 million was provided. As of November 15, 1974, the Commission officials were unable to determine the true value of the furniture and fixtures inventory, although they estimated it to be between \$3 million and \$5 million. Among other results, \$12,536 worth of equipment was found to be missing. That statement is on page 68. Discrepancies were also noted between unit prices shown on headquarters computer listings and regional office purchase orders.

Was this the case? What are you presently doing to correct this?

Mr. ENGMAN. Let me respond first generally and ask Mr. McNamar to amplify with more specific details.

The Commission has been undergoing a process of change during the last 3 or 4 years. The Commission has been responding to reports critical of the Commission in substantive areas, which came out in the late 1960's. After I came on board Mr. McNamar was engaged as Executive Director and Mr. Lynn subsequently as Assistant Executive Director to deal specifically with a range of internal management problems covering much more than simply inventory matters but the whole question of how we do business at the Commission and how people at the top know what people at the bottom are doing. In connection with that, I was made aware last summer that there might be some deficiencies with respect to property inventory control. Those matters have been discussed with him. I would like to have him respond further.

Mr. McNAMAR. Again, we have not seen that report, but I know that the individuals who worked on it are highly professional. Therefore,

I presume the report is undoubtedly accurate. There is no question in my mind but that there were serious deficiencies in our property inventory and property management. I will take the responsibility for perhaps not having made that as high a priority on my list as I should have when I joined the Commission in November of 1973. However, I have focused on personnel utilization which is 70-75 percent of our budget each year rather than property and equipment, which is less than 1 percent in any year.

As I said, we have at this point in time instituted a computerized inventory system which we did not have at the time the report was prepared, and indeed I will give credit to the individuals who worked on the report for having brought this situation to our attention.

We are in the process of taking the complete physical inventory. It will be taken annually from here on out, I can guarantee you as long as I am at the Commission. I cannot respond to the specific question about the missing property since I don't know what it is and have not seen the report.

I can assure the committee that we have taken appropriate prophylactic action.

REQUEST FOR INCREASE IN EQUIPMENT FUNDS

Mr. SLACK. One final question, if I may.

I note on page 120 of your justifications, under equipment, you are requesting an increase of over \$315,000, namely, \$707,000 in this 1976 budget. How can you justify that much of an increase in view of the findings of this investigative report?

Mr. ENGMAN. Mr. Slack, I would like to indicate that this figure, this increased figure is designed to cover four separate situations. First of all, if the committee agrees with our request with respect to 65 new positions, those individuals will need to be outfitted with basic equipment consonant with their projected activities.

Second, these three points are all listed on page 120 of the justifications: There is a request relating to microfilm retrieval equipment for the regional offices so that they have access to legal files to make them more effective. If we are going to have regional offices, we believe they ought to be better able to operate as effective arms of the Commission.

There is also a request for new equipment in the printshop to improve safety and operating conditions.

Last, the increased funds are needed for data processing and other kinds of computer equipment which are designed for the litigation support system, specifically the system which has been developed in connection with the *Exxon* case.

Mr. SLACK. Very well. Thank you.

MAILING OF COMMISSION NEWS RELEASES

Mr. SMITH. Another finding in the investigative report indicates that \$90,000 could be saved if the Commission mailed its news releases using a third-class postal permit rather than using first-class mail. Have you obtained the third-class permit by now?

Mr. McNAMAR. No, sir. We have not even seen the report. We were not aware of this analysis or this recommendation. What we have done to look at that situation was to make an internal study at the Commission. I cannot recall the exact recommendation of that study. It did recommend a number of improvements in our distribution and mailing list. We have winnowed it down substantially. I would be glad to supply for the record the amount of money we saved by that reduction in the number.

Mr. SMITH. According to the report, this was brought up in an internal study in October 1973.

Mr. McNAMAR. I have been informed we have saved nearly \$150,000 in this process to date.

Mr. SMITH. You do have a third-class permit now?

Mr. McNAMAR. I don't know the answer to that question. As I mentioned, we saved nearly \$150,000 by cutting down the people on the list.

Mr. SMITH. Are you mailing third class now?

Mr. McNAMAR. No, I am informed we are not.

Mr. SMITH. Why aren't you doing that?

Mr. ENGMAN. Mr. Chairman, let me make one comment in general. I indicated to the investigative team and to Chairman Whitten when they talked with us last year that I would be more than happy to discuss any of these matters with them. In fact, I frankly invited them to advise me of any specific recommendations they had with respect to anything going on at the Commission. I called the chief investigator when it was apparent that his assignment was completed and specifically renewed that request and invited him to come in and discuss any recommendations he had so we could get on with improvements immediately. Until this morning we have not been aware of any of the specific contents of this report.

I say in defense of the staff and to the extent that there can be some savings, I can assure you that nobody is more interested in making them than I am.

Mr. SMITH. I understand that, as far as areas that you may have been unaware of which we discussed in the report. But this is the subject of an October 1973 internal Commission study. It came from within the Commission.

Mr. McNAMAR. I remember the study. I am sorry I do not recall the recommendations.

Mr. SMITH. What have you done to implement the study? What is your reason for not doing it?

Mr. McNAMAR. The answer is we have not implemented that provision. I have to go back and take a look at it. Many of the materials that we mail out need to go first class so they can be available to the news media as opposed to libraries or anything like that.

STUDY FOLLOW UP PROCEDURES

Mr. SMITH. When you have an internal commission study like this which was completed more than a year and a half ago, what procedures does the FTC have to assure that such recommendations are considered and, if appropriate, followed up?

Mr. McNAMAR. I personally do look at all of these types of studies that come up. Frankly, on this one I do not recall that specific recommendation. Let me say that I do not necessarily recommend to the Chairman and to the Commission, to do everything that is suggested in every staff study that comes up.

Indeed, I call the committee's attention to one staff study that was completed and I believe the House investigative group referred to it when they did their report on establishing a management information system for the Commission.

I regarded it as a woefully inadequate piece of work technically, professionally, and in terms of the needs of the Commission and its top staff and operating attorneys. That is one staff study that I personally felt was failing.

I did not think it was adequate so I did not accept the recommendation. I do not concur in all of them.

Mr. SMITH. I understand that, but let's stick with this particular one as an example. This staff study was made in October of 1973. It said that approximately \$90,000 could be saved by getting a third-class postal permit instead of using first-class rates. At current mail rates that would be \$111,500. It would seem to me you would follow up on that, either implement it or report to somebody that it should not be and why. Isn't that a reasonable assumption?

Mr. McNAMAR. It is a very reasonable assumption. I am sorry that was before I came to the Commission. I came in November. I should have been aware of the study, I presume, and followed up.

UTILIZATION OF STAFF STUDIES

Mr. SMITH. Is there a procedure for making sure that each one of these studies is considered?

Mr. McNAMAR. They are prepared generally in our management division or Office of the Secretary depending on the subject matter. The Assistant Executive Director is the one who has the responsibility for bringing those either to the Bureau Director's or my attention, whichever is appropriate.

I don't normally think this is much of a problem.

Mr. SMITH. When a study like this is made and a report is issued to the Commission, does it come to you directly?

Mr. McNAMAR. No. Not directly to me.

Mr. SMITH. Do you get a summary of it?

Mr. McNAMAR. I normally either get a summary of it or the entire study with the summary.

Again, I mention that this particular study was performed before I came to the Commission in late November of 1973.

Mr. SMITH. Nevertheless, there needs to be a procedure of some kind for handling staff studies so that they are not just lost in the file cabinets.

Mr. McNAMAR. I agree.

Mr. SMITH. Do you have a procedure?

Mr. McNAMAR. I think that I have a very good filing system and review procedure now in my office.

Mr. SMITH. Before it is filed is there a procedure for studying it and for making it available to the appropriate level for decision?

Mr. McNAMAR. I think there is. They either go to the Assistant Executive Director and he deals directly with the appropriate office, or depending on the issues involved and the magnitude, they come to me. I deal with either the Chairman of the Commission or the appropriate Bureau Director or office head.

I am sorry that I cannot respond more fully on this; it was before I came to the Commission.

STAFFING OF FOOD PRICE GAP STUDY

Mr. ANDREWS. Mr. Chairman, I think that you have opened up an important topic here on how the staff functions, and this goes back to what we were talking about a while ago on this food price gap study.

Over the last two years the subcommittee Mr. Smith and I served on, directed you to proceed forthwith. In fact, we suggested that you speed it up. How was that handled? How long did it take before your staff people were assigned and the project was initiated? Could you tell us that?

Mr. ENGMAN. Congressman, people were assigned and the projects were initiated immediately. The whole purpose of what we have been trying to do at the Commission is to break out those aspects of a particular problem area.

In fact, some of these reports will be forthcoming very shortly. The Bureau of Economics has already transmitted to the Commission a specific study with respect to sugar and recent trends in sugar prices.

With respect to enforcement, the Commission filed a complaint a few months ago in the bread segment of the food industry against ITT—Continental Baking Co. There is continuing concern in this area and our information system supplies me information on a monthly basis with respect to what is happening.

When it is not happening, we attempt to find out why.

Mr. ANDREWS. Give us one specific.

STAFFING OF MEAT PRICE GAP STUDY

This meat price gap we were talking about, how many people were assigned to study that?

Mr. ENGMAN. That is part of the marketing margin study of the Bureau of Economics; I don't know how many people are on that.

Mr. ANDREWS. Provide for the record how many were assigned to that and at what time they were assigned.

Mr. ENGMAN. Yes, sir.

[The following information was provided:]

STAFFING OF FOOD PROCESSING MARGINS STUDY

The Bureau of Economics began its effort to obtain relevant information on farm-to-retail food margins in September of 1974. The decision was reached to use information collected in connection with the quarterly financial report. Accordingly, an experienced statistical research assistant who was authorized to

review the data was detailed in the Division of Financial Statistics to perform the analysis. She worked on the compilations for some 70 working days. Data processing support was provided by the Division of Financial Statistics and the Management Division.

Mr. ANDREWS. I believe that was one specific Mr. Smith, Chairman Whitten and I discussed with you. Could we get a corresponding assignment of staff to that investigation and this one I read about in the Washington Post on your "stalk market" investigation.

STALK STUDY

I understand that you are carrying on an investigation to see whether people who sell plants have to label the plants on their care and feeding and whether or not there is any toxicity.

How much effort are you giving to this investigation, as compared to the investigation the subcommittee asked you to make on the cost gap of meat?

Mr. ENGMAN. First of all, with respect to the latter investigation, there are certain allegations of toxicity and safety factors.

That investigation is being handled by the regional office in Seattle. I believe by one or less than one individual, and is a preliminary investigation at this point.

Mr. ANDREWS. Could you make a comparison?

Mr. ENGMAN. We will.

[The following information was provided:]

COMPARISON OF STAFFING: FOOD STUDY VERSUS STALK STUDY

The investigation into the various aspects surrounding the indoor/outdoor plant industry was approved by the Commission in early April 1975. At this time, the Seattle Regional Office had 0.5 man-years assigned to this formal investigation in fiscal 1975.

In addition to the specific farm-to-retail margin analysis being conducted by the Bureau of Economics, analyses of food manufacturing and retail margins are an integral part of the comprehensive investigations in our Food Manufacturer and Producer and Food Retail programs. Taken together, these two programs conducted by the Bureaus of Competition and Economics will consume 51.9 man-years in fiscal 1975 and 68.3 man-years in fiscal 1976.

Mr. ANDREWS. I would like to include for the record at this point a newspaper story which appeared April 1975 in the Washington Post on the "stalk market" investigation.

[The information follows:]

[From the Washington Post, April 1975]

TOXIC DISSENT: FTC VOTES STALK MARKET INVESTIGATION

The Federal Trade Commission yesterday announced an industrywide investigation of growers, wholesalers, and retailers of plants to determine if they should be required to provide consumers with toxicity and care information about the plants.

The announcement by the five-member agency was accompanied by a stinging dissenting statement by Commissioner Mayo J. Thompson who said the investigation would be about as useful to the American public as a pair of socks on a rooster.

In his dissent, Thompson, who was joined by Commissioner Stephen A. Nye, said he was concerned about the toxic qualities of certain plants sold and would have enthusiastically voted to refer the matter to the Consumer Product Safety

Commission. He said he also was concerned that a lot of plants sold to customers don't survive with the care and feeding currently being provided. I do not conclude, however, that these are problems for the urgent attention of the country's major economic agency . . . he wrote.

Thompson said he had a number of problems with the staff contention that a rule regulating plant vendors to attach small labels to every plant on their care and feeding would be a small and relatively costless (3 to 5 cents a plant) way to lower the mortality rate among the flora.

Alas, only a dedicated city dweller could believe that the knowledge necessary for the successful growing of living things can be legibly printed in a space the size of a half-dollar, even an inflated one.

As this investigation progresses and this agency's staff attorneys begin to enlarge upon the agricultural education they received at Cambridge and New Haven, Thompson went on, the size of the writing space needed to comply with their rules will doubtless expand at something of a geometric rate . . .

He also worried about the enforcement of such a rule. Even with the best of care, people die prematurely, and even with the best of care, plants die prematurely . . . Thompson said.

Noting that plant information was available from books, the Agriculture Department, colleges and other sources, Thompson said he would close this matter and admonish the staff to stop these frivolities and get on with the serious economic work this Agency was designed to do.

SUFFICIENT MANPOWER AVAILABILITY

Mr. ANDREWS. I would be interested to see how your people were assigned and at what point in time. Do you have sufficient manpower to effectively carry on all the investigative work assigned to you?

Mr. ENGMAN. In our judgment we don't with respect to the anti-trust activities at the Commission. That is why we are asking for these 65 additional positions.

Mr. ANDREWS. It appears that you are being forced to pick and choose priority issues?

Mr. ENGMAN. That is correct.

Mr. ANDREWS. That is why I think this is a good illustration to show that you do assign priorities.

Mr. SMITH. I yield this time on investigations.

BALANCE OF LITIGATION VS. CONSUMER COMPLAINTS

Mrs. BURKE. Thank you very much, Mr. Chairman.

I noticed that some 60 percent of the staff is working on some 40 cases in litigation.

I recognize the *Exxon* case has a lot of staff tied up.

I would like to find out how you are balancing your workload between these large litigated cases with the individual consumer complaints. How many complaints are pending? How many lawsuits do you have pending at the present time?

Mr. ENGMAN. In terms of number of lawsuits, pieces of litigation pending, I would have to provide that for the record.

[The following information was submitted:]

COMPLAINTS AND LAWSUITS PENDING

As of May 10, 1975, the Commission has 118 part III complaints pending and 101 court cases pending.

Mrs. BURKE. I would like to find out how many of these are in the cease-and-desist area, how many in the restitution area. I think it is kind of a disadvantage for us to have a report before us that you don't have before you to be able to comment.

In the investigative staff report that we have before us there is a comment by one of the members of your staff that says that in some instances the greatest contribution that FTC can make to the consumer is in the restitution area where they are able to assist individuals in reclaiming moneys.

RESTITUTION CASES PENDING

I would like to know approximately how many of these restitution cases are pending and the amount of money during the last year recovered.

Mr. ENGMAN. First of all, we generally estimate it was around \$25 million with respect to various restitution orders and activities since the beginning of last year.

Let me make one specific comment, however, on the question which you raised. I think it is clear that antitrust activities may be the best consumer protection for certain kinds of problems. When that report was underway, we were in litigation as to our authority to fashion certain consumer remedies.

That was before the passage of the Magnuson-Moss FTC Improvement Act, which gave specific statutory authority for consumer remedies.

We were relying up until that point, on the generalized language of our statute, section 5 of the Federal Trade Commission Act.

A case before the court of appeals for the 9th circuit, the so-called *Heater* case, was decided adversely for the Commission with respect to our authority to seek this kind of relief.

As a result of that litigation, the staff activities were by and large restricted to situations in which these matters were resolved short of an ultimately litigated resolution. That is not now the case.

The Magnuson-Moss Act became law in January of this year and obviously everything is being recycled in accordance with the statutory requirements and processes of that statute.

REGULATION OF CHILDREN'S ADVERTISING

Mrs. BURKE. You may have discussed advertising, but I would like to ask a couple of questions on children's advertising since we understand that something like \$400 million is spent on advertising directed to children on television.

In 1974 when you appeared before the committee, you indicated that there would be some attempt to arrive at an agreement with some of the advertisers.

Mr. ENGMAN. I am aware of your reference.

Mrs. BURKE. As of November 1974, apparently the Commission staff was analyzing the comments from some of the advertisers which were submitted to the Commission for consideration in drawing up some rules or policy.

Would you advise us of the status of your attempt to have some regulation of children's advertising? Also, what is your relationship or association with the FCC in this regard.

FCC'S JURISDICTION—CHILDREN'S ADVERTISING

Mr. ENGMAN. First of all, I can talk about the last one very quickly. The FCC has jurisdiction by and large over nonadvertising content, such matters as violence or anything of that nature.

We have jurisdiction over advertising. We do have contacts with them periodically. I have continuing contacts with Mr. Wiley, the Chairman of the FCC, and we are generally aware of what the other is doing in these areas.

With respect to the question of what happened to the premium issue, which is the one to which you refer, we received voluminous comments on the proposed enforcement guide which was put out for comment. Many more than anticipated. It did take longer for the staff to analyze them. In addition, I don't believe this is generally known at the present time, an individual not connected with the Commission but with a university conducted a study which touched upon some of these points. A draft of that study has been made available to the staff of the Commission by the individual and it raises certain questions about the possibility of the validity of this particular approach vis-a-vis another possible approach in terms of correcting the problem. We are presently awaiting, and should shortly be receiving from him, his final report, and, at that time, the staff will be making its recommendations to the Commission.

STAFFING OF CHILDREN'S AD PROGRAM

Mrs. BURKE. How many people do you have working in this area?

Mr. ENGMAN. That would vary from time to time. I think our budget generally averages out. We have a special program area for children's advertising set forth on page 52. We are allocating roughly $2\frac{1}{2}$ man-years in 1975, and we are suggesting an allocation of $4\frac{1}{2}$ in 1976.

Mrs. BURKE. One final question on this item. You have statutory authority for planning and evaluating competition in any number of areas. This is also an area that is discussed in this report, whether or not this authority has actually been exercised. Do you have some program priorities with respect to such authority that you have established over a period of time?

Mr. ENGMAN. First of all, in 1969 when the American Bar Association made its report on the Commission, and also the Nader report just before that time, there was severe criticism of the Commission with respect to lack of broad planning and setting of priorities. In fact, the criticism was directed toward the Commission's being responsive just to individual complaints coming in, without attention to larger matters and larger problems. Shortly after Mr. Weinberger took office he

created a new Office of Policy Planning and Evaluation to deal with this question. I think quite frankly all members of the Commission—and I don't want to be talking out of school about any of us—would agree that this was a difficult kind of concept to bring into being in an agency which viewed itself as a law enforcement agency.

In my judgment, however, we have broken through that barrier this year with the process which we have undertaken in our program budget. This year I can sit here and tell you exactly what we are doing with respect to children's advertising or retail food. The Office of Policy Planning and Evaluation has been integrated into preparing this program approach.

MIDYEAR REVIEW PROCESS

We did something else when we established this program approach. It is important not only to look ahead because it is a continuing kind of planning process, but in addition it is important to look backward occasionally. This year, in February, for the first time ever at the Commission, we had a midyear review with respect to what was going on in fiscal 1975. We did look back and as part of that process we made some reassessment of where we ought to be going. The results of this kind of focus, if you will look in the competition area just as an example, is that you will see the two broad areas of concentration in energy which includes the *Exxon* case as well as the energy study, and the several food programs entailed, in terms of direct bureau allocation of manpower, over 200 out of a potential 482 man-years of effort. That includes compliance and other sorts of ongoing activities which are not really controllable from our point of view. It is an example of where we are, and that we have attempted to target our resources in particular areas.

I think we would be the first to say we are thinking of ways how it can be improved; but I think it is a major step in the right kind of direction.

COMPLETION OF FOOD PROGRAM

Mrs. BURKE. Do you anticipate the food program will be completed this year? Is that your statement?

Mr. ENGMAN. First of all, it is important when we lump these things together to really remember they are composed of separate segments. As I mentioned to Mr. Andrews, if, for example, the staff has sufficient evidence to recommend a complaint, as was the situation with respect to the *ITT-Continental bread* case, then that is picked out and the Commission takes action on it. So there will be a number of reports which will be forthcoming this year. You get a lead from one thing and you may open a new segment of a program as well.

FIRE SAFETY PROGRAMS

Mrs. BURKE. I have one final question. Are you working on anything in the area of fire safety on sofas and household goods and carpets. There have been some reports that we really live in fire hazards in our homes. And apparently the number of these household items that are hazardous is increasing rather than decreasing.

Mr. ENGMAN. First of all, I think this is one of the major activities of the Bureau of Consumer Protection. During the past year, there was a settlement reached with respect to a large number of firms engaged in the manufacture of plastics which are used in furniture with respect to flammability and safety and the like. As a part of that settlement, extensive corrective advertising provisions are required with respect to how these products are represented.

A novel further remedy, a result which we probably could not have achieved through litigation, was the establishment of a trust fund of some \$5 million-plus to develop performance standards in this area. That was with respect to certain alleged law violations in this area of plastics and flammability. Working from that and building on that, the Commission has also issued a proposed trade regulation rule. That is now out for comment with respect to standards we might impose.

Mrs. BURKE. Will those standards apply to carpets as well as sofas?

Mr. ENGMAN. It does to the extent that it deals with plastics. I am not sure of the extent to which it would deal with carpets. That would be an issue which presumably could be considered by the Commission.

Mrs. BURKE. Thank you.

Mr. SMITH. Mr. Early!

Mr. EARLY. Thank you, Mr. Chairman.

IMPLEMENTING STAFF STUDIES

Mr. Chairman. Chairman Smith made the point that we seem to spend enough money for studies and evaluation of studies, but we seem to have an awful lot of problems implementing them.

Mr. McNamar. You responded to one of the questions that in many studies you wouldn't necessarily consider all the points made as being valid, and you therefore wouldn't implement them. When you don't implement a particular recommendation, do you notify the Commission? If not, why not?

Mr. McNamar. That would depend on the nature of the study, the nature of the recommendation. Let me give you what I think is an adequate illustration: this management information system study that we referred to before in, I believe, August of 1973. The Management Division prepared a study which in effect was a recommendation for a very elaborate management information system at the Commission and it was one that in my judgment when I came in was inappropriate. It was, first of all, too expensive and we couldn't afford it with the budget that we had.

Second, I was not satisfied that it met the needs of either the Commission or the staff. So I used that as a point of departure to form a management information system steering committee with the Bureau directors and office heads and took that study and said, "Let us go through the report and find out what is in here that you need." I think that in the case-tracking area alone some 26 different applications were recommended. That is a fairly large number for that area. We went through those 26 and winnowed them down to a much smaller number, under 10. The bureaus and offices said they were really needed. Based on that, we then took their group recommendations, and I presented what I perceived to be the consensus of that group to the Commission, along with the earlier study. I did give the earlier study to the Chair-

man and I believe he already had it before I came. I gave the full background study to the Commission along with my recommendations which I thought represented the recommendations of the senior staff as to why we should not follow what was in that study but rather should take a slightly different tack.

This is an example of what I did with the study; that I really rejected it more or less out of hand as too elaborate and too expensive and too unwieldy for the Commission.

Mr. EARLY. That is my question. Did you notify the Commission that you felt it was too expensive?

Mr. McNAMAR. Yes, sir.

Mr. EARLY. You felt it was too unwieldy?

Mr. McNAMAR. Yes, sir.

Mr. EARLY. Did you notify them in writing that you were not going to implement any part of that study?

Mr. McNAMAR. If my memory is correct, I gave them a visual presentation and a memorandum in addition to the study which I was recommending not be followed. In other words, I gave them my recommendations, I gave them the study I was recommending we not follow, and then there was a Commission meeting where I orally presented why. We spent 2 or 3 hours one afternoon going over the recommendations in rather great detail—

Mr. EARLY. There were no minutes of that meeting?

Mr. McNAMAR. I don't believe there were official records of that meeting taken. It was a rather wide ranging give and take on this whole subject area.

Mr. EARLY. I find that in many respects Federal agencies have very poor ways of evaluating how much of any study is implemented. I see this lack of implementation as a total waste. We seem to complete one study, evaluate it and decide on another study rather than implement the original study.

Mr. ENGMAN. Mr. Chairman, I would like to make a general comment, if I might.

I think the concern that you expressed, Mr. Early, is a concern which I have and which everyone here would have. I have seen the Federal Government from several different vantage points in the past 5 years. In my judgment, internal management control is an area in which the bureaucracies, including ours, are woefully deficient. I believe that we have taken great strides toward correcting that problem. Mr. McNamar and I meet daily every morning and we discuss a range of matters that either one of us wants to raise.

One must realize the practicalities in the real world. If we were to deal with and treat every single staff recommendation, no matter what it deals with, no matter how minute a matter—if we give them all equal time, we would never keep our eye on the overall picture. To the extent we do do that, that is where the bureaucracy takes over at the Commission in terms of attempting to manage what is going on and have some influence as to what is happening, loses out. Therefore, we do make a judgment. Mr. McNamar makes a judgment as to what is sufficiently significant to discuss with me, and we then assess what should be reviewed with the full Commission. I would welcome an opportunity to read this report. Apparently I would agree with much of what is said.

THIRD CLASS POSTAL PERMIT

Mr. EARLY. Mr. Engman, you mentioned that you are moving to a program type of budget in your statement. You also said in 1970 that, "We didn't have a physical inventory. Now we have a physical inventory being conducted in 1975."

That just does not follow. Your comments are that we should have more program budgeting. Then we cannot get an inventory. Chairman Smith's question concerned the 1973 study, when there was a recommendation to get to a third-class postal permit. We didn't get an answer on why you didn't follow that recommendation. You seem to have enough staff here. I am sure that you might have a justifiable reason why you didn't go to a third-class permit.

Mr. ENGMAN. The answer, Mr. Early, was we indicated we didn't know. Mr. McNamar said he didn't know why that particular recommendation has not been implemented.

Mr. EARLY. There must be some staff that would know that.

Mr. ENGMAN. I indicated we would provide that information for the record. I would indicate as well, however, Mr. McNamar also stated in that area we have taken some steps to try to streamline and cut down and filter out the list to make it more efficient. I would not for a moment sit here and be so arrogant as to say everything at the FTC is hunky-dory because it isn't. I suggest, however, that the kinds of activities that we have put into process here are immeasurably improving the situation. That is all that I can advise this committee. With respect to that specific matter, we will find out the answer and I will see that you have it.

[The following information was submitted:]

THIRD CLASS MAIL PROPOSAL

In October of 1973, a suggestion to convert Office of Public Information mailings from first class to third class/bulk rate was made by the management division, provided the Office of Public Information had no policy objections to the resulting delay in receipt of news releases. It was estimated that this conversion would result in savings of more than \$90,000 (\$111,500 under current rates).

The Office of Public Information conducted a test mailing in early December 1973 for the purpose of comparing delivery times of first class as opposed to third class mail in three different areas of the country (District of Columbia, Chicago, and Washington/Oregon). The results of this test showed that the average time delay for third class mail compared to first class ranged from 5.7 to 9.9 days. Since the material mailed by the Office of Public Information consists mainly of time-critical news releases, a policy decision was made to not adopt the third class mailing approach but to find other ways to achieve cost savings.

After a thorough staff analysis of OPI's mail and distribution system, which took into consideration the Management Division's recommendations of October 1973, several conclusions were reached:

1. The existing mail and distribution system in use did not result in timely delivery of news releases to recipients.
2. The existing computerized system had an associated coding structure so complex (more than 37 lists and 200,000 possible code combinations) that input had been garbled—therefore, the selection and distribution results were unreliable at best. In other words, subscribers were not getting what they had been promised.
3. There was an enormous problem of duplicate mailings: at the time OPI estimated postage costs of about \$6,000 per month in duplicate mailings to attorneys alone.

4. It was extremely difficult to perform the legally required annual mailing list purge—from both a manpower and a results point of view. Therefore, on a 2½ year old system, only one purge had been made.

As a result of this study, the subsequent computerization of the mailing list (effective May 1974) and purging of names that did not currently request to be put on the list, it is estimated that savings of approximately \$150,000 were realized or \$60,000 more than going to the third class rate. These are annual savings that will be realized each year.

Mr. EARLY. I won't address any questions knowing that you have not read the report. From reading this report it is obvious that things are not quite up to snuff at the Federal Trade Commission.

Mr. ENGMAN. I think that is undoubtedly true. I guess my only answer to that would be I would stand up the FTC at the present time, with respect to these kinds of procedures, against any other administrative agency in Washington.

REQUEST FOR INCREASE IN EQUIPMENT FUNDS

Mr. EARLY. On your equipment request of \$315,000, you are going to supply for the record a broader description of these three requests for \$315,000?

Mr. ENGMAN. Absolutely. There is some additional backup material, I think, in the appendixes with respect to the object classification items. To the extent that the committee would want further backup, you are certainly entitled to it and you will have it.

[The following information was submitted:]

JUSTIFICATION FOR FURNITURE & EQUIPMENT REQUEST

First, the FTC requests microfilm retrieval equipment for the major operating units so that they will have access to the legal files presently available only in the Office of the Secretary.

By fiscal 1976, the microlab in the Office of the Secretary will have a great deal of records on film which would be useful to the bureaus and regional offices. For example, currently on microfilm are 128 volumes of Commission Minutes, 1,638 investigation files, historical data on 9,030 litigated cases and files on 46 litigated cases. Specifically, this equipment includes:

	Dollars
1. For the regional offices—11 fiche reader printers-----	\$18,000
2. Major bureaus--2 fiche reader printers each-----	7,000
2 cartridge reader printers each-----	7,000
3. Office of public information—1 cartridge reader printer-----	7,000
4. Office of general counsel—1 cartridge reader printer-----	3,000
Total -----	42,000

The above equipment would be compatible with the present microfilm equipment currently in use at the Commission.

Second, the FTC requests the purchase of data processing and peripheral computer equipment to be used for the computerized litigation support system. The amount requested for this purpose is \$145,000.

This equipment is vital to the successful development of the litigation support system and is primarily document handling equipment. It covers three specific areas: first, the establishment of three computer access centers which would include three teletype terminals with keyboarding and video display equipment. Second, it includes automated typing equipment that will be capable of performing computer terminal input and retrieval functions. Also, special IBM Mag-Card II's would be purchased that would be tied with the computer and would have the capability of directly transcribing data from the computer. The third major area includes microform equipment in two locations. This includes camera and printers; a film processing center and several reader/printers. Finally, this

request includes furniture and equipment for the personnel who will man the document centers and perform the indexing and library functions.

Third, the FTC requests additional funds for equipment necessary to improve printshop safety and to replace obsolete equipment.

The following represents our detailed requirements for printshop equipment funds needed in fiscal year 1976:

Multilith 1250 or equal to replace 11-year-old machine-----	\$6,400
Camera Nu Arc SST-20245B or equal, attachments and installation-----	6,000
Scott 500 platemaker or equal-----	7,500
Ozalid or Bruning PD 80 or equal-----	1,400
Vari typer model 1020F or equal-----	4,600
Scott tab cutter or equal-----	2,200
Safety guards ¹ for equipment-----	1,000
Trash carts, ¹ 2 each-----	200
Lockers, shelves, worktable, and flame-proof cabinet ¹ -----	5,700

Total ----- 35,000

¹ OSHA and FTC Safety Officer recommendation.

Fourth, the outfitting of the 65 new positions requested in fiscal 1976 will require approximately \$97,000.

Mr. SMITH. Mr. Cederberg?

MERGER GUIDELINES

Mr. CEDERBERG. One of your major functions is outlined here as maintaining competition. Do you issue guidelines for the public to follow so they can know if any contemplated activity is anticompetitive? For instance, if I were president of a company and going to make an acquisition or merger, how would I know that I wouldn't be subject to the Federal Trade Commission saying because you merged with this company you are in violation of the antitrust laws? You refer on page 12, I notice to enforcement of the merger law. What is the merger law?

Mr. ENGMAN. You would have to ask the Supreme Court that.

Mr. CEDERBERG. How could you enforce that?

Mr. ENGMAN. I say that facetiously.

These are complicated issues, of course. That is what I guess anti-trust lawyers are for. We have published merger guidelines in specific industries. They are not applicable across the board.

Mr. CEDERBERG. Why not across the board?

Mr. ENGMAN. There is a question as to whether or not that is really wise to do. There may be more advantage in having a flexible kind of approach.

Mr. CEDERBERG. Isn't that discriminatory?

Mr. ENGMAN. What is the impact on competition? May a merger of one size have an anticompetitive impact in one industry but not another because of the fact that the second industry may be constituted differently?

Mr. CEDERBERG. Within the industry. Take the energy industry. Do you have some guidelines there?

Mr. ENGMAN. No guidelines within the energy industry as such.

Mr. CEDERBERG. How would your Commission make such a decision?

Mr. ENGMAN. If I can pursue this for a moment, I have two points I want to make. First of all, we do have a procedure known as an advisory opinion letter. An individual company, if it desires to come in and seek our advice in advance, has the right to do that either

informally or formally with the Commission. The fact of the matter is that the private sector uses this process very little.

MERGER GUIDELINES—JUSTICE DEPARTMENT OPINION

Mr. CEDERBERG. Would you yield there? What if they decide to go to the Antitrust Division of the Justice Department for this kind of advisory opinion?

Mr. ENGMAN. There is a similar process in the Justice Department as well. There might be some determination at this point that this really ought to be handled by the other agency.

Mr. CEDERBERG. Let's assume that the Justice Department gives them a favorable advisory opinion. Does that move you out of the picture?

Mr. ENGMAN. Legally, we have to separate enforcement responsibilities. It is possible that Justice might say something is all right and we will say it is not all right under our broader statutory mandate.

From a practical point of view we try to avoid that kind of thing.

Mr. CEDERBERG. Then you have the right to tell a company they must divest themselves of certain interests they may have acquired or which have been a part of their organization for a long time?

Mr. ENGMAN. Potentially we do, if that is the determination.

Mr. CEDERBERG. How do you determine it ought to be discussed? Is it based on competition?

Mr. ENGMAN. That is a determination which is made on the facts of an individual situation. Under our system at the present time it must be done on an ad hoc basis with respect to what is the particular situation in a given industry.

Will it lead to lessening of competition? Will it not? How can we best preserve a free market within that segment of the economy?

MERGER GUIDELINES IN THE ENERGY AREA

Mr. CEDERBERG. There are acquisitions in the energy area including oil, coal and other things. Don't you have anything that says to a company, "Don't acquire this organization because you are going to be stifling competition? You have got a certain percentage of that business."

It seems to me energy is such an area and there ought to be some guidelines as to whether a person ought to divest or not merge or whatever it ought to be.

Mr. ENGMAN. This is the basic issue which antitrust lawyers disagree on. Senator Hart has pending in the other house a bill which would give greater definition and set certain assumptions with respect to how big is too big.

Under the present system there is a flexible approach built in, and we do have built in a process by which our advice can be sought if they desire it. They often do not. One thing which arose very rapidly during the past year was the proposed merger between Standard Oil of Indiana and Occidental Petroleum. When that was announced there was discussion with the Department of Justice and it was agreed that because of our other activities in the area we should investigate the matter. There was an extensive staff effort undertaken. Whether it

was a result of that investigation or not, which was done within very great time constraints, the takeover bid was dropped.

Hopefully, the energy studies which we have under way and which will begin to be published this summer, will put a better focus on this whole area to help us understand how it operates. The problem has been in the past—this is a personal opinion—that we have to often tended to think of the problem of energy in isolated areas. We have thought about oil, petroleum, or we have thought about natural gas, and I think there is now some greater awareness that these are alternate sources of energy. The fact is there may be problems because of the interrelationships of people who are involved heavily in petroleum who may also be involved heavily in coal or these related kinds of sources.

Mr. CEDERBERG. How would a person as heavily involved in, say, oil, know whether or not it is a good idea to become heavily involved in coal? There ought to be some way you could tell him.

Mr. ENGMAN. Well, there is a process by which he can come to us and ask our opinion. He may not use it. At the present time, what he does in the United States of America is to talk to his lawyer and make a judgment, a business judgment, based upon what his lawyer tells him to do.

Mr. CEDERBERG. I don't want to pursue this too long, but it seems to me there should be some information available where someone who is going to acquire a company says, "I am going to have 10 percent of the coal, or 20 percent, and so forth"; is that considered to be anticompetitive? How do you prove it is anticompetitive? He may have 50 percent of the market and sell it, be more efficient, than another company and be able to be of more benefit to the consumer.

Mr. ENGMAN. That is an example of a problem with respect to guidelines. May I suggest respectfully the guidelines can operate both ways. It can have a chilling effect perhaps on a merger which might be a good merger from the point of view of the economy. The merger might not hurt competition and it might even help competition, but, because there is a certain market share set forth in a guideline, an arbitrary number that has been fixed, more concern may be raised in the individual who is making that business judgment. At least before I took on my present hat back when I was, as I facetiously say, making an honest living as a lawyer—

Mr. CEDERBERG. That is not easy.

Mr. ENGMAN [continuing]. I thought there was great merit in some flexibility. I think there may be some merit today.

BURDEN OF PROOF—ANTICOMPETITIVE ACTIVITY

Mr. CEDERBERG. I think there is, too. I wonder how you prove a violation of the antitrust laws?

Mr. ENGMAN. That depends on the factual situation. It is tough. These are tough cases. If you are talking about big companies and big segments of the American economy, they are very complex and involve a lot of economic data and a lot of lawyers, there is no question about it. Would you rather have greater certainty or not? Our system at the present time does provide the right for someone to come in and ask. Historically that has not been used.

DIVESTITURE GUIDELINES

Mr. CEDERBERG. It seems to me if you get involved in divestiture you have to look at the impact on the parent company. All of these things have to be taken into consideration.

Mr. ENGMAN. That is right.

Mr. CEDERBERG. By requiring a divestiture you might dampen competition from a company that is required to go it alone or is purchased by somebody else.

Mr. ENGMAN. This is illustrated by a decision of the Commission during the past year. There was an attack made some time ago at an acquisition of Triumph Adler, a German typewriter firm, by Litton Industries. They also own Royal Typewriter Co. The Commission found that there was a violation of law. In fact, a divestiture was ordered. Subsequently, and during the past year, in the light of what has happened, in that typewriting industry there was a petition to reconsider the form of relief. The Commission determined at this point that, given the other companies who are very strongly involved in the office electric typewriter industry the divestiture relief was not as appropriate. The matter was reversed.

RECONSIDERATION OF COMMISSION DECISIONS

Mr. CEDERBERG. Will you go back and change a decision if the facts are different?

Mr. ENGMAN. The effect of that was—

Mr. CEDERBERG. The effect of that is different in two or three years. Do you do that very often? Did you ever have any other instances where you have done that?

Mr. ENGMAN. People are asking us to reconsider matters all the time. Sometimes we do. This is the most recent significant matter that I can think of.

Mr. SMITH. If you would yield—

With regard to the question Mr. Cederberg asked about coal and oil, when Continental acquired Consolidated which has 10 percent of all the reserves, that meant there is no limit. The guideline is that there is no limit unless it is reconsidered. Are you for reconsidering that case?

Mr. ENGMAN. I am advised there is no current activity in the Bureau on this matter.

Mr. CEDERBERG. I noticed the Kennecott divestiture. Was there an anticompetitive situation in the coal industry?

Mr. ENGMAN. There has been a determination by the Commission that the acquisition of Peabody Coal by Kennecott was a violation of the antitrust laws. That determination was affirmed by the court of appeals, and the Supreme Court declined to review the matter.

The order which was entered by the Commission was an order of divestiture of Peabody Coal. The process of carrying that divestiture out is presently going on. There are a number of potential purchasers and the Commission has made no final decision with respect to this particular matter.

Mr. CEDERBERG. You don't know whether that new purchaser will increase or decrease competition. How do you handle that? You have to approve it then?

Mr. ENGMAN. The Commission has to approve the ultimate sale.

Mr. CEDERBERG. What if the individual company, not necessarily this one or any other company, says, "We cannot sell to this organization for the amount available"? How do you handle that?

Mr. ENGMAN. Without attempting to in any way prejudge what is happening it is a matter of public record that Kennecott has at least three willing purchasers and there is always, in addition to that, the possibility of what we call a spinoff, in which a new company or consortium would be formed.

EFFECTS OF DIVESTITURE

Mr. CEDERBERG. You don't know whether that increases or decreases competition?

Mr. ENGMAN. The Commission's interest in approving the ultimate disposition of this matter is to approve it in a way which would not hamper or dampen competition within that particular industry.

Mr. CEDERBERG. Since it occurred have there been other acquisitions in the coal business? There seems to be a lot in the coal business these days that would parallel this kind of a case. Are we going to be looking down the road to divestiture in the future?

Mr. ENGMAN. First of all, we have a specific segment of the energy study that relates to coal and joint ownership of that kind of activity. That will be forthcoming in the next few months.

Mr. SMITH. In this case, where one of the potential purchasers is a group of users of coal, do you then, if that happens to be the one that bids the most, would you pass upon whether or not they could acquire it?

Mr. ENGMAN. Yes. Let me move away from this particular case, Mr. Chairman, if I might.

Mr. CEDERBERG. You put it in your book.

Mr. ENGMAN. That is part of the activity that is consuming staff effort at this point. Therefore, we want to lay that out on the record. In terms of my speaking to this as a member of a group going to make the decision, I am going to want to make that decision based on the evidence that is put before us. That has not yet happened. In general terms, however, moving away from any specific case, it is clearly a factor if the group or the company wanting to purchase a company in a divestiture is in that same industry, which is a horizontal problem. If we broaden the concept or consider the vertical line of either supplying or purchasing products, that certainly would be a factor which one would want to weigh in terms of whether or not this was going to be helpful.

Mr. SMITH. My question is: Do they come back to you with the proposed purchaser to—

Mr. ENGMAN. They make the initial selection and come back to us and we say yes or no.

BINDING NATURE OF COMMISSION DECISIONS

Mr. CEDERBERG. Let me raise one other question. Let's assume they came back to you for an advisory opinion and you gave them one. Next year you have a new Commission. Is an advisory opinion binding on any future Commission?

Mr. ENGMAN. It is just like a court, I think, Mr. Cederberg. I believe there is great care given in the institution to maintaining a stare decisis kind of approach and not just preserving the institution as an institution. In fact, I am sure over broad periods of time, as we see in courts as well as elsewhere, there may be different philosophies or different approaches which are taken. I certainly take the stare decisis factor into account when I make a judgment as to how I am going to vote. Will this unduly unsettle the nature of the law? How do we best take that factor into consideration?

Mr. CEDERBERG. I realize these are very complicated and weighty questions. There are not always black and white answers to them. Looking at it from the other side, someone trying to know what to do in the business world, may be awfully confused.

Mr. ENGMAN. In fact, when we are talking about divestiture and the process of what goes on, the staff of the Commission is in contact informally with the affected people, lawyers and others, with respect to the companies. There is more give and take on an informal basis than would appear if you just looked at what the Commission formally considers when it comes before us.

Mr. CEDERBERG. I assume most divestitures would be larger companies. A small organization could be put out of business by legal fees if this drags on for several years. It is a lawyer's dream. The other company might go down the drain by the time a decision is rendered.

Mr. ENGMAN. We are generally involved with larger factors in these markets.

Mr. CEDERBERG. Thank you.

Mr. SMITH. Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman.

CHILDREN'S ADVERTISING PROGRAM

Following up what Mrs. Burke developed, what are you doing to protect children from advertising; we discussed some of this last year before the Agriculture Subcommittee. You mentioned the FCC, which we just heard before our subcommittee, National Advertising Review Board, and the National Science Foundation. Could you summarize what the FTC is doing now on behalf of children regarding television and other advertising?

In fact, if you want to, you can submit for the record which would allow you to go into more detail.

Mr. ENGMAN. I will be happy to do it either way you would prefer, Mr. Andrews.

Mr. ANDREWS. It looks like we have a gigantic case of passing the buck to this or that agency. If you could explain this for the record, it might save time.

[The information follows:]

STATUS OF CHILDREN'S ADVERTISING PROGRAM

In two areas Commission activities directed toward advertising generally have particular importance for the protection of children. First, the Commission has proposed a rule governing food advertising which, if adopted, would require greater completeness in nutritional claims. Since many foods are sold to parents on the basis of their health value to children, the importance of this for the protection of children is clear.

We are examining possible Commission actions in connection with the depletion in advertising of acts or practices which carry unusual risks of injury, or the failure to depict common safety precautions. The special problems posed by advertising of products which are dangerous for children is part of this examination.

In addition, there are several projects targeted more specifically at advertising directed at children. On July 11, 1974, the Commission proposed a rule which would ban the use of premium advertising on programs for which the majority of the audience is under 12. This proposal aroused some controversy and many comments were received. A new empirical study by an independent researcher completed only this spring has raised some issues which the staff feels should be put on the public record. Thus the staff is now recommending that the record on this matter be reopened for comment upon this additional information before final recommendations are presented to the Commission.

OTHER AGENCIES INVOLVEMENT IN CHILDREN'S ADVERTISING

Mr. ANDREWS. You seem to have delegated child protection, as I understand it, to the Council of Better Business Bureaus and National Advertising Review Board. Where did you get that authority?

Mr. ENGMAN. We have not delegated any responsibility to anyone. In fact we would not have the authority to do so. We have enforcement authority under section 5 of the FTC Act.

Mr. ANDREWS. Does the FTC, BB, and NARB cover the television children watch, especially late afternoon and early evening programs?

Mr. ENGMAN. The NARB has recently begun to involve itself in this particular area. That is not a basis for the Commission taking action or not taking action. In fact, from a practical point of view, and from the private sector's point of view, there probably has been more action taken by the broadcast industry than by the advertising end of the industry. NAB has revised a number of its codes as to what is permissible and what is not permissible with respect to children's advertising. That is all in the private sector. That has not affected this proceeding that the Commission has had ongoing with respect to certain forms of advertising and the like.

There is no basis by which we could delegate any responsibility. On the other hand, I would certainly encourage and have encouraged people in the private sector to take what action they can voluntarily. I don't think that is a question of delegating responsibility to the extent that some of these people attempt to clean up their own house. It will save all of us time and resources and effort.

SHARING RESPONSIBILITIES WITH THE FCC

Mr. ANDREWS. Last year you described your sharing responsibilities for child protection with the FCC as the old bureaucratic shell game. Isn't it about time either the FTC or the FCC had full responsibility for children's advertising, whether it appears in a magazine, in a comic book, or on television?

Mr. ENGMAN. We do have the authority. I would say that the authority for children's advertising is with the Federal Trade Commission.

Mr. ANDREWS. Instead of the FCC?

Mr. ENGMAN. Not the FCC. Their basic authority is with respect to program content or whatever else they want to get into regarding what is in children's programming. We don't have anything to do with that.

Our concern is with advertising directed either at anybody or specifically at children.

Mr. ANDREWS. Last year you said you had all the money you "needed in this category." Who within the FTC is a child specialist?

Mr. ENGMAN. We have consulted with people outside of the Commission in this area. We have some lawyers who are primarily involved in the effort. We are talking about enforcement now. We engage in enforcement as opposed to what other activities NAB and other people may be doing.

Mr. ANDREWS. Would you name the ones within your agency who are specialists in this field?

Mr. ENGMAN. We have Mr. Simowitz, the man at the staff level who has been primarily involved in this area.

Mr. ANDREWS. He is the one primarily involved?

Mr. ENGMAN. He has been primarily involved; there are 2½ man-years allocated to this program in fiscal 1975. The assessment of the comments which came in when we put out the proposal on the record has obviously consumed a large number of other people's time.

LIMITING AIR-TIME

Mr. ANDREWS. When Chairman Wiley was before our committee he talked about limiting the air time of material between 7 and 9 to protect children. I asked him about the central time zone, and he said, "We will do it from 6 to 8 out there."

Either he is presuming that children in the central time zone go to bed an hour earlier than children in the East or he is a whale of a lot more interested in taking care of the networks' problems than the children's problems. How do you look at that strange attitude?

Mr. ENGMAN. Well, I always get in trouble when I talk about something I don't really have responsibility for.

Mr. ANDREWS. Do you have the responsibility?

Mr. ENGMAN. No, not with respect to this. We talk about what advertising is unfair to children. Is it deceptive? What is the impact of the advertising? In terms of rules that are established as to time requirements or when they can or cannot show advertisements, that is all in their jurisdiction.

Mr. ANDREWS. You mean that your jurisdiction does not include deleting from the advertising time children usually watch on television?

Mr. ENGMAN. No. They have recently changed their guidelines to reduce the number of minutes on Saturday and Sunday programming that may be allocated to advertising and to establish the so-called prime time rules. All of that is their jurisdiction, not ours. We ask—is the advertising deceptive or unfair? In this particular case, we are talking about advertising directed at children.

SHARED JURISDICTION—FDA

Mr. ANDREWS. In the case of shared jurisdiction, this again is television lapping over into another agency. This time it is the FDA. I am referring to the audio jingles, or the television 30-second spots advertising food products. Because the district that I represent produces more Durum wheat than any other district, I have been intensely interested in the macaroni case in the Ropi business where they took fish

eyes and gills and tails and ground them up and put them in and made what they called fortified macaroni product.

If you ask anybody who knows pasta products, it is not at all comparable with good semolina products. We got into a labeling thing. We have had an ongoing discussion with FDA on this for a long time. Now I find that the FTC comes into the advertising side of it, and I understand that in 1972 Ronzoni Macaroni Co. was using an audio jingle as the background for a 30-second TV spot called "The Good Life." They stated in part, and I quote, "Ronzoni spaghetti gives you real Italian taste and vitamins, too. Vitamins B₁, B₂, niacin and iron—Ronzoni . . . the No. 1 pasta with people who know." It is all in kind of Italian jinglinese. I would be glad to put a copy of the 30-second jingle in the record so you might respond to that.

[The 30-second jingle referred to follows:]

FIRESTONE AND ASSOCIATES, INC. ADVERTISING—TELEVISION COPY

Client : Ronzoni Macaroni Co., Inc.

A spice o' something nicea
Can be yours tonight
La Vita can be sweeta
When you're eating right.

Remember Ronzoni sono buoni
Ronzoni is so good
Among people who really do know
Ronzoni is numero uno
Ronzoni sono buoni, is so good !

There's good reason why Ronzoni is so good.
Ronzoni spaghetti gives you real Italian taste
And vitamins, too.
Vitamins B₁, B₂, niacin and iron—
Ronzoni . . . the number one pasta with people who know.

If good living is your desire
Ronzoni can light up your fire
Ronzoni sono buoni, life is good !

PROPOSED NUTRITION RULE

Mr. ANDREWS [continuing]. Mr. Chairman, it is my understanding that under your proposed rule (sec. 437.2(a)(2)), an advertiser of pasta wishing to list the nutrient values of his product would have to state, in the audio portion of his message, the percentage of the United States recommended daily allowance contained in the a stated serving.

Dosen't this confuse rather than inform and doesn't it place an unnecessary burden on advertisers?

It would pretty well louse up the spontaneity or the appeal of this TV jingle. I am interested in protecting the consumer, and I want to make sure this information is available to the consumer. Because, in the case of the Phony-Roni, the informed consumer would get more pure semolina which is a market for my farmers.

[Information with regard to the proposal rule follows:]

DISCLOSURE OF NUTRIENT VALUE

Section 437.2(a)(2) of the proposed food TRR deals, in general terms, with a situation where an advertiser voluntarily claims that a particular food contains a nutrient (such as protein or a vitamin or mineral). If the nutrient is present in a nutritionally significant amount (10 percent or more of the United States recommended daily allowance), this part of the proposed rule would simply require a clear and conspicuous disclosure of the common or usual name of the nutrient and its amount (expressed as a percentage of the U.S. RDA in a stated serving). This disclosure would be made in the same portion of the television advertisement in which the voluntary claims are made.

This proposed disclosure is itself a way of making a claim of nutritional content. Thus, the proposed disclosure rule need not operate to require more in the way of disclosure than what would be contained in the nutrition claim that comprises the selling message of the advertisement.

Where, however, an advertisement is vague as to what, exactly, is being claimed to be of nutritional value, the proposed rule is intended to improve the quality of information reaching consumers. It is also intended to help advertisers of foods that really do contain useful amounts of nutrients avoid being disadvantaged by competitors who make appealing but vague claims for less nutritious foods.

For example, under the proposed rule, if an advertiser chooses voluntarily to claim that his product "contains vitamins," he would have to specify those vitamins by name and provide their respective percentages of the U.S. RDA in a stated serving—again assuming that the vitamins are present in a nutritionally significant amount (10 percent or more of the U.S. RDA).

If, however, any nutrient referred to in the ad is not contained in a significant amount, the proviso in section 437.2(a)(2) would require a disclosure of the identities and percentages (including zero percent) of the U.S. RDA per serving of all of the eight nutrients which are required to be listed on the product's nutrient label. This latter requirement is intended to preclude any deceptive implication as to the food's overall nutritional value.

Mr. ANDREWS. Right now, as I understand it, viewers and advertisers are concerned about "clutter"—that is, too many ads for different products appearing at one time. It strikes me that if we were to adopt your proposed rules, we would be creating an FTC clutter—a clutter of words, percentages, and statistics which work against advertising's basic purpose of attracting the attention of a potential buyer. Why not rely on the FDA's food labeling program to permit people to make informed choices about what they purchase?

It looks as though your rule will make good advertising harder to produce, thereby weakening the ability of the manufacturer to stimulate product sales, rather than protecting the consumer as it is intended to do.

Mr. ENGMAN. Thank you, Mr. Andrews. First of all—

Mr. ANDREWS. The question is, can't you do it another way?

Mr. ENGMAN. First of all, let me just comment that I am only afraid someone on our staff is going to think I put you up to asking me that question.

Mr. ANDREWS. Nobody on the staff put me up to that.

Mr. ENGMAN. I am sure that is true.

First of all, FDA is now requiring that there appear on the label certain of this kind of information, requiring it on a mandatory basis whether or not the company wants to make certain claims.

Mr. ANDREWS. I think that is great.

Mr. ENGMAN. We have had the problem area under consideration for a long time and well before I came to the commission. A number of projects were in liaison status with FDA as to how we could best coordinate advertising guidelines and the like with what FDA is doing in terms of the labels and so forth.

As a result of that, the staff made a proposal to the Commission some months ago, and I am oversimplifying here, dealing with two aspects of this problem. First of all, in those areas where a company elects to make certain nutritional claims about its product, then it must have a basis for those claims. If it says the product is nutritious, it at least must have some kind of nutrients in it at a certain level. Second, there was a recommendation that the Commission require that certain information be contained in advertising regardless of whether the company elected to make that advertising, specifically including also 30- or 60-second television spots. When the Commission considered that issue, the Commission was concerned about some of the same questions which you raised. As a matter of fact, in terms of viewing the then current staff proposal as to whether the result would be meaningful in communicating this information to consumers, the Commission made a determination that the matter should be referred back to the staff for further study. As a result of that study there were further differences which developed at the staff level as to what was the best way of communicating this information. Finally, because we didn't think these issues should sit around forever, we made a determination that we were going to put the whole question up for comment.

COMMENTS REQUESTED ON PROPOSED NUTRITION RULE

First of all we put out certain Commission proposed rules. These are not final rules but proposed rules, in the area where a company elects to make certain claims of nutrition. Beyond that, for example, how you say it has so much B₁ in 30 seconds, the staff recommendations have not been endorsed by the Commission. The questions you raise are similar to those which the Commission had. Although I am oversimplifying all of this, is there a need to require advertising disclosure over and above the information on the label that is available at the point of sale? Second, if there is a need, or, to the extent there is a need, what is the best way of communicating that information to the consumer, to the housewife, or to the person watching the television commercial?

The Commission, the five of us, have not endorsed, have not answered that last question as to any kind of proposal. What we have determined to do, rather than trying to churn it around, is to throw it all out on the table. This is the process which is ongoing now.

The Commission has not made a judgment on it. We did feel, and I feel, since this was an area really not so much for lawyers as for people who understand how to communicate, it was a situation where we ought to just throw the question out and see what kind of advice we get back.

Mr. ANDREWS. I appreciate your analysis. I simply wanted to express my concern. Certainly, referring consumers to specific information on the product label, and making certain it is there, is considerably better than trying to louse up the appeal of the advertising pitch.

There has to be a lot more done with this entire matter of listing ingredients. We have a new crop in our area—sunflower seeds. Sunflower seeds produce the basic cooking oil in Europe where people live a lot longer than Americans do because of fewer cardiac problems. Dr. Carey, the Capitol Physician and a cardiologist said he wishes that he could tell his patients that they can buy oleo with a specific amount of nonsaturated oil in it. But, there is no strict labeling that way. The label says "contains unsaturated." Generally it says "contains sunflower." There is not enough sunflower oil produced in this country to put a thimble full in every barrel. These specifics are not there for a cardiologist who wants to recommend what cooking oil or what spread to use. It is appalling to me when I talk to Procter & Gamble and others about this new crop which we grow and ship to Duluth where it is loaded on freighters for Romania, Holland, and other countries. All of it being exported. Procter & Gamble and other companies say, "Why should we begin putting some oil into our ingredients when the consumer demand is not there." On the other hand, cardiologists say we should have it. It is ridiculous to be exporting this stuff to other countries. What is the answer to something like that?

Mr. ENGMAN. Well, I don't know what the answer is. I want to make one thing clear; that is, that I have not reached any final judgment as to a result. I would wait and look at what comes in in the form of comments and the like. What we have basically said is that there is some need for information of this kind. The question really is, what is the best way or what is the best mechanism. That is all out on the table at the present time. It is a major undertaking during this year and will be in our Bureau of Consumer Protection.

We will ultimately be assessing the recommendations and the comments which come in and making a determination on this whole issue.

Mr. ANDREWS. In the case of macaroni, cooking oils, and all the rest, when you appear before this subcommittee next year you will undoubtedly have some kind of rule on labeling?

Mr. ENGMAN. Whether we do or not, I don't know. There are some people in the industry who are concerned that we are proceeding at all, I guess. I would assume that some of your constituents would be involved and may very well already be involved in this process in commenting and working with the staff people.

Mr. ANDREWS. I remember the year after year after year experience we have had on this price gap in beef. You just told me you are going to have an answer within one month. We are making progress there, and I hope we can make progress in other areas.

POLITICAL ADVERTISING

Mr. CEDERBERG. You don't handle truth in political advertising in your shop?

Mr. ENGMAN. No. I think that is sort of taken care of by the First Amendment.

Mr. ANDREWS. Mr. Chairman, if I could, I have a series of questions here that I would like to put in the record concerning oil litigation and other questions.

Mr. SMITH. Without objection.

[Mr. Andrews questions and the answers provided by Mr. Engman follow:]

STATUS OF EXXON CASE

Mr. ANDREWS. What is the status of the FTC's litigation against the eight largest petroleum companies? How much money has been spent by the FTC on this effort?

Mr. ENGMAN. You are referring to the *Exxon* case which is, of course, in litigation, and I, therefore cannot comment on merits without raising problems of prejudgment.

The case is at the pretrial stage.

We estimate total costs for the *Exxon* case since issuance of the complaint will be approximately \$2,100,000 through the end of this fiscal year, including the cost of the computer document handling facility and a proportionate share of indirect and administrative costs. We expect that in fiscal 1976 total costs will be approximately \$2,500,000.

INDEPENDENT OIL COMPANIES

Mr. ANDREWS. When can the independent oil companies expect some relief from this FTC action?

Mr. ENGMAN. The ultimate resolution of the matter is quite likely to take several years. To avoid any possibility of prejudgment on my part, I suggest that you contact Mr. Halverson. Since the case is in adjudication, it would be inappropriate of me to comment on what, if any, effect the case might have on independent oil companies.

ALLOCATION REGULATIONS

Mr. ANDREWS. Although I am well aware that the Federal Energy Administration has the primary role in administering the allocation regulations, the FTC was charged with evaluating the program. In my area, much inequity is resulting because of wide disparity in oil and gas prices. In fact, such people are being driven out of business. Is FTC doing anything about this?

Mr. ENGMAN. As you know, the Federal Trade Commission does not have any direct responsibility concerning allocation problems that are handled by the Federal Energy Administration. Nor, of course, do we have any direct authority over pricing in the petroleum industry.

MATERIAL SHORTAGES AND PRICE INCREASES

Mr. ANDREWS. Last year I questioned Mr. Halverson about FTC's role in helping to prevent shortages of fertilizer, paper, baling wire, and nails, and hardware. In recent months, jar lids have become an acute shortage. Last year he answered:

"Mr. HALVERSON. The Bureau of Competition has received, and is actively studying, complaints of terminations and alleged discriminatory allocations in shortage areas of the economy. In each instance, we have attempted to determine the nature of the shortage, its causes and effects, and how the industry members are handling the problems. To date, we have not found reason to believe that the shortages which embrace the industries you have mentioned in addition to others such as the petrochemical field, have been artificially induced as a result

of conspiratorial action, or otherwise, by the industry members themselves. While the pattern varies from industry to industry, we have frequently found a number of causative factors, or factors influencing the effects of these shortages.

"Unquestionably, the recent period of price controls which is now coming to an end has had a profound influence in causing manufacturers to choose courses of action to minimize their cost in the face of prices that could not be raised. This appears, for example, in the paper industry where the manufacturers apparently have converted productive capacity to the more profitable types of paper products. Since there is also a true shortage of productive capacity in that industry—a situation which is the reverse of the one prevailing a few years ago—many smaller companies and fabricators who depend upon a supply of such paper products have found themselves without sources of supply or with vastly increased costs for different paper qualities, which they, in turn, have been unable to pass on to their customers.

"Another factor that has unquestionably been influential in inducing domestic shortages in these industries is the fact that world prices for a number of these products have been rising rapidly. This, coupled with worldwide shortages of some of these crucial products, has made it attractive for domestic manufacturers to export raw materials or finished products rather than to sell them into the domestic market for further manufacture or fabrication. In addition, a manufacturer of an intermediate product who also has facilities for the further processing and fabrication of the product may, in a time of shortage, favor its own integrated operations at the expense of its independent fabricator customers."

Has anything changed whereby you have found conspiratorial action to artificially induce prices?

Mr. ENGMAN. Your question goes generally to problems of shortages, and specifically to the matter of shortages of jar lids used in home canning. Mr. Halverson's testimony last year indicated a general program in the Bureau of Competition to study and monitor shortage situations. That program continues and has covered such recent manifestations as problems with respect to anti-freeze and canning lids. With respect to two of the areas mentioned by Mr. Halverson last year—namely, paper and petrochemicals—our recent information is that shortages have eased to a substantial degree.

Our information on canning lids again suggests that the problems are primarily of an economic nature. A number of factors combined during the 1974 canning season to cause a severe shortage. Among these were increased international demand for tinplate; a vast increase in consumer demand prompted by a reported 6 million new home gardens; previous substantial declines in production, resulting in insufficient productive capacity; and a shift by commercial food producers from relatively expensive plastic containers to glass containers using metal lids.

The outlook for 1975 appears somewhat improved, but is not clear at the moment. Raw material shortages appear to have eased, and production capacity of the major manufacturers of home canning supplies has increased. In addition, there have been major new entrants into the field. These events do not in themselves insure that the demand, which will be increased by additional new home gardens in 1975, will be met. They do suggest, however, that the overall market is performing in the manner expected in response to factors of supply and demand. We are continuing to watch the situation.

As to all other shortage situations mentioned by Mr. Halverson last year, we continue to be watchful and will prosecute if we find any illegal activity creating artificial restraints in the marketplace.

CAPPER-VOLSTEAD EXEMPTION

Mr. ANDREWS. In your statement you mention FTC action on the violation of the Capper-Volstead exemption for agricultural cooperatives. What is the status of this, and how does this relate to the major farm organizations?

MR. ENGMAN. The staff is working on an extensive report on the Capper-Volstead exemption which will shortly be before the Commission for its full consideration. In addition, the Commission has designated part of its increased fiscal 1976 resources for further analysis of activity in the agricultural cooperative area. The staff is presently working on several proposals that will be considered in the course of the budget cycle that is now beginning, looking toward fiscal 1977. Among the matters that we will be considering are the extent to which major grower and producer organizations may be operating in ways that might be inconsistent with the privileges of antitrust exemption that are granted under the Capper-Volstead Act.

The Commission has also issued a complaint against the Central California Lettuce Cooperative alleging price fixing that was not exempted by the Capper-Volstead exemption protection. This matter is now in adjudication.

STATUS OF DEREGULATION EFFORTS

MR. ANDREWS. In recent months, Mr. Engman, you have been publicly critical of actions by regulatory agencies that serve little public purpose and only raise consumer prices (CAB and ICC). I commend you for this. What is FTC's action in this area, and could you please submit for the record your views of legislative changes needed in regulatory agencies?

MR. ENGMAN. The Commission has been concerned with the amount and type of Government regulation of the economy for some time. In the area of Federal regulation the Commission testified before Congress in support of repeal of the fair trade laws exemption from the antitrust law and in support of efforts to deregulate the determination of airline fares. Commission staff members have filed comments before the CAB on charter flight rules and "no-frills" fares. Most recently, the Commission proposed a trade regulation rule preempting State regulation which prohibits advertising of prescription drug prices. We will be proposing additional legislative changes at present studies are completed.

COST-BENEFIT ANALYSIS

MR. ANDREWS. In your statement you mention FTC's investigation actions in many areas—food, energy, health care, et cetera. How much of a cost-benefit factor for the consumer is expected in each of these areas?

MR. ENGMAN. At this time, it is not possible to state in quantitative terms the precise consumer benefit that may flow from each of the activities that you mentioned. In some instances our cases are designed specifically to challenge trade restraints, such as price-fixing, that may be resulting in overcharges at the consumer level; by contrast others focus on monopoly practices that may be denying to the consumer the benefits that flow from a competitive free market system. Other activities, of course, such as the energy study work, will not have an immediate impact on consumer prices, but may lay the groundwork for enforcement actions by us, provide suggestions for remedial legislation or indicate the state of competition in these various industries.

In recent years, the Commission has been moving toward increased use of cost-benefit analysis. It is one of the most important criteria upon which the Commission should make its resource allocation decisions. In fact, at present the Commission receives a summary of past costs incurred and projected costs for each major initiative upon which it must decide to commit resources. The Commission then assesses projected total costs against the variety of benefits that could reasonably be expected to accrue from a successful prosecution of a particular investigation or case. I might add that the entire question of cost-benefit analysis in the antitrust and consumer protection areas is one where there are divergent theoretical views, a paucity of adequate data, and empirical disagreements as to the application. The Commission's line of business program should provide much more reliable data for use in cost-benefit analysis.

AUTOMOBILE MILEAGE CLAIMS RULES

MR. ANDREWS. Could you tell me about FTC's proposed rules in automobile mileage claims? Will the automobile business be given adequate opportunity for input?

MR. ENGMAN. In November and December of 1974 the Commission held hearings pursuant to a notice of proposed rulemaking concerning automobile mileage. Among the issues raised in that notice were questions of what test method is most appropriate for use as a standardized means of computing gasoline mileage; the manner in which fuel economy figures should be disclosed in advertising and at point of sale; whether a standardized mileage test, if adopted, should be used as the sole basis of presenting gasoline mileage in advertising. Written comments, as well as oral testimony, were presented by interested members of the public, other government agencies, and automobile manufacturers. The staff of the Commission is presently reviewing the record of that proceeding and will shortly be forwarding its recommendations to the Commission. Thus, there has already been significant input into the Commission's decisionmaking process from the automobile industry.

HANDLING OF CONSUMER COMPLAINTS

MR. ANDREWS. We receive many cases in our office whereby individual consumers have a complaint and feel they are wronged by big companies. We refer many of these cases to you and you write back and say that you can't deal specifically with these people but that the information is helpful for a broad-based investigation.

[The letter follows:]

FEDERAL TRADE COMMISSION,
OFFICE OF THE SECRETARY,
Washington, D.C., January 23, 1975.

Re Corres. No. 100728.

Hon. MARK ANDREWS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ANDREWS: Thank you for your recent communication referring correspondence from Mrs. H. Nellermoe describing difficulties she is experiencing with the International Publishing Corp.

The Commission is very much interested in a variety of practices in the conduct of chance promotions. In several instances the Commission has taken formal steps to correct the deceptive practices of certain individual firms using these promotional methods. In addition, the Commission is now involved in an industrywide investigation to determine whether a comprehensive regulatory approach is feasible and will substantially eliminate unfair or deceptive trade practices. Mrs. Nellermoe's letter will, of course, receive attention in connection with the industrywide investigation.

I appreciate your bringing this matter to the attention of the Commission.

With kind regards,

Sincerely,

CHARLES A. TOBIN, *Secretary.*

MR. ANDREWS. Sometimes I think it would be a big help if your appropriate staff would contact personally these businesses and investigate the situation. This would give you practical examples to serve as guidelines for general investigations and might stimulate remedies before the matter goes too far. Could you do this, on a limited basis, of course?

MR. ENGMAN. When a consumer complaint is received we record it for purposes of determining whether it is one of a number directed against the same firm or practice. If it is an isolated complaint, the Commission does not investigate because section 2.3 of the Commission's rules, which is an expression of longstanding policy, prohibits the Commission from intervening in private controversies. If the complaint is one of a number of complaints sufficient to suggest that there

may be a pattern indicating a violation involving substantial public interest, we do investigate, assuming resources permit, to determine whether the staff believes there is a violation and to determine whether there is a remedy available.

Mr. SMITH. Mr. Miller?

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Cederberg's inquiry on truth in political statements reminds me that we had a gentleman over in my other subcommittee now starting to put together our new election law. He had a budget of over \$6 million. There should be a lot of truth in elections if he spends that money properly. As a former colleague of ours, Mr. Curtis, I assume that he will do that and do a good job.

Mr. Chairman, you spoke a moment ago of advertising. Was that reflecting what your Commission had in the Federal Register sometime ago?

Mr. ENGMAN. We were speaking about one advertising proposal. There are a number of advertising proposals. There is at least one or two others relating to advertising in general. Mr. Andrews and I were discussing specifically the proposed nutrition trade regulation rule.

PROPOSED NUTRITION RULE

Mr. MILLER. The FTC had food advertising proposed trade regulation rules in the Federal Register?

Mr. ENGMAN. Yes, sir.

Mr. MILLER. So I better understand what you have published for comment regarding the food advertising. It appears that publication is in three parts. The Commission has a proposal. There is a statement endorsed by the full staff but not the Commission, and a working-level staff proposal not endorsed by either the Commission or the upper echelon staff?

Mr. ENGMAN. Yes, sir.

Mr. MILLER. That is what appears to be in that Federal Register; is that correct?

Mr. ENGMAN. That is correct.

Mr. MILLER. Would that statement which you put out for comment provide that advertising on virtually all food products would be required to disclose the nutrient contents of the product?

Mr. ENGMAN. The staff proposal would so require it, yes.

Mr. MILLER. I did read at least a part of that food processing trade regulation and one of the areas covered is chewing gum.

Does that mean the chewing gum producers will have to advertise the amount of vitamins, protein or calories in a stick of gum?

Mr. ENGMAN. It does not mean anything at this point, Mr. Miller. What has happened—and you unfortunately missed some of my discussion about this with Congressman Andrews—what has happened is that this is a very complex area. It is complex not only with respect to the first issue of what kinds of information with respect to nutrition and the like is necessary or desirable with respect to food, the kind of food it may be applicable to, and the extent it is desirable, but also how is it best transmitted to the public?

The point which you have raised or indicated was that you had several different approaches. This is something the Commission in the past may not have done but our approach on it was that even

though we didn't know enough to make a final judgment on it, we wanted to throw out all the proposals on the table and invite comments. I emphasize that the Commission has not taken any position with respect to any of this. This is not a final rule. These issues have been thrown out as a proposition to be commented upon in the proceeding.

Mr. MILLER. Under the proceedings at least it is a thought?

Mr. ENGMAN. There are some people on the staff of the Commission who have that thought. yes.

Mr. MILLER. You are asking for comments to be published in the Federal Register. The supermarket warehouses log some 1,200 items of food that are not advertised or consumed for their nutritional value. Apparently these would be covered under the staff proposal, unless there would be an exemption; is that correct?

Mr. ENGMAN. Again, the staff proposal makes certain recommendations with respect to so-called foods without significant nutritional value. Those staff recommendations are, again, out on the table for comment but that is, again, in issue and there is a question of whether or not there should be exemptions or how many. The whole thing is wide open at this point. We will look forward to seeing what the comments are.

EXEMPTIONS FROM NUTRITION RULE

Mr. MILLER. I wondered, if it continues that way, what will it take to exempt a product? Do you or the staff have an idea what it would take to do that?

Mr. ENGMAN. Ultimately it will not have any force or effect until the Commission makes a determination. So the Commission, five members of the Commission, of which I am one, will be that final body that makes the judgment. I suppose if we do something that somebody thinks is completely looney or illegal they will take us to court and challenge the authority to issue or our basis for issuing the rule.

We will make the initial final determination based on the record that is accumulated in the hearings.

NEED FOR REGULATORY REFORM

Mr. MILLER. I guess this is the time we need to talk about that before the determination is made. In the other subcommittee that I came from a few minutes ago, the remark was made that we have so many regulations and commissions set up at the present time, we could probably do away with about half of what we put together since 1964. Our constituents are constantly complaining to us about regulations that they need to abide by. We want everybody protected like you do, but we want to do it with a minimum amount of regulation.

Mr. ENGMAN. I couldn't agree with you more. It sounds as though that witness has been reading some of my speeches. I totally agree with his point of view. I think that is the issue we should be addressing and Congress should be addressing and to the extent we have any authority we ought to be talking about some of the same issues.

Mr. MILLER. I see it is 12 o'clock and time for us to recess. We have to move to the House. I will yield.

SAFETY STANDARDS TRUST FUND

Mr. SMITH. Before we recess I want to ask one question. You said something about a trust fund. I didn't understand that. A trust fund with Government money?

Mr. ENGMAN. No, there is no Government money involved in terms of the settlement of the flammability, plastics flammability, safety standards and matters Mrs. Burke asked me about as part of that settlement. The private industry, private sector agreed to establish that trust fund among themselves to support research as to how these matters could be improved.

Mr. SMITH. I was not aware you had not seen these investigative reports, but I think the best procedure would be to give you copies of these reports and come back Monday afternoon, if that is agreeable.

Mr. ENGMAN. I don't know what my schedule is offhand. I will, of course, be happy to try to accommodate you.

Mr. SMITH. We will recess until Monday afternoon.

Mr. ENGMAN. Thank you.

MONDAY, MAY 19, 1975.

Mr. SMITH. The committee will come to order.

We shall resume the hearing this afternoon on the appropriation request for the Federal Trade Commission.

Mr. Engman, I want to ask you a few questions about the money you are requesting. Then I want to ask a couple on the investigations and yield to other members for further questions concerning the investigations.

NUMBER OF POSITIONS

How many permanent positions are authorized for the Commission?

Mr. ENGMAN. 1569, Mr. Chairman.

Mr. SMITH. How many are filled at the present time?

Mr. ENGMAN. Virtually all of them are filled at the present time. There are less than 10 vacancies now and we have a number of outstanding commitments that run through the end of the year.

Mr. SMITH. What is your lapse rate? What do you usually have as a lapse rate?

Mr. ENGMAN. I believe it has been running less than 20 percent for new positions. I will ask Mr. McNamar for a figure.

Mr. SMITH. Lapse rate?

Mr. ENGMAN. Twenty percent is an accurate estimate on that.

Mr. McNAMAR. It is about 20 percent for new positions. We will supply the exact number.

Mr. SMITH. I think considerably less than that.

Supply that for the record.

[The following information was provided:]

CURRENT LAPSE RATE

New positions being requested for fiscal year 1976 are lapsed 20 percent. Continuing positions are lapsed zero percent; that is, there are 1,569 authorized positions and the planned permanent employment for June 30, 1975, is also 1,569.

Mr. SMITH. How many additional positions are you requesting for fiscal year 1976?

Mr. ENGMAN. Sixty-five additional positions.

Mr. SMITH. Are these additional positions for the competition mission?

Mr. ENGMAN. They are all designated for the Maintaining Competition mission.

MANDATORY INCREASES

Mr. SMITH. You are asking for an increase of \$7,751,000. How much of that is of a mandatory or uncontrollable nature?

Mr. ENGMAN. The staff has advised me that approximately \$3.3 million relates to mandated pay increases and associated benefit items. That number, Mr. Chairman, excludes such items as increased expenditures required to respond to the increased number of requests under the Freedom of Information Act.

I think those kinds of increases are also substantially uncontrollable by the Commission, but they are not generally considered as such.

FUNDS FOR TRAVEL

Mr. SMITH. How much of this budget is for travel?

Mr. ENGMAN. I believe we have an estimate of roughly \$1.5 million for 1976.

Mr. SMITH. How much was it in 1975?

Mr. ENGMAN. It was approximately \$1 million.

Mr. SMITH. What would account for that much of an increase?

Mr. ENGMAN. We were substantially underfunded in fiscal year 1975 with respect to travel. The requested appropriation is designed to help us correct that problem.

Mr. SMITH. What did you do when you were underfunded; not travel?

Mr. ENGMAN. Yes, it required some curtailment of ongoing operations and investigations.

PAYMENT TO GSA FOR SPACE

Mr. SMITH. How much have you paid GSA for your rental of space?

Mr. ENGMAN. We are talking in round numbers for 1975 of roughly \$2,300,000.

Mr. SMITH. What about 1976?

Mr. ENGMAN. It will be approximately \$2,970,000.

Mr. SMITH. Is some of that for additional space, or is it for the same space?

Mr. ENGMAN. It is for the same space except to the extent that new space is needed to cover the additional 65 positions.

Mr. SMITH. Where will that new space be provided?

Mr. ENGMAN. That is something we will have to discuss with GSA. Under the present situation, which is not an efficient utilization of our resources, we are spread across six different buildings.

LINE OF BUSINESS DATA

Mr. SMITH. How much of your 1975 budget is for line of business information?

Mr. ENGMAN. We were talking roughly \$200,000 to \$250,000 for 1975. For 1976 we estimate something just in excess of \$400,000.

Mr. SMITH. You ended up with a sample of 500. Is that what you ended up with?

Mr. ENGMAN. The sample for the initial filing, 1973 data, was 345 companies.

Mr. SMITH. How many did you finally—

Mr. ENGMAN. 345.

Mr. SMITH. Have you obtained the data?

Mr. ENGMAN. We have obtained data from approximately two-thirds of that 345—225. The other companies are challenging the Commission or being challenged by the Commission in court proceedings.

Mr. SMITH. Have you processed the data that you have acquired?

Mr. ENGMAN. The staff has begun to process the data which has been acquired.

Mr. SMITH. When was the form mailed?

Mr. ENGMAN. I believe it was mailed in August, Mr. Chairman.

Mr. SMITH. Was it mailed simultaneously to all 345 companies?

Mr. ENGMAN. Yes, sir.

Mr. SMITH. Do you have a copy of the form that you mailed?

Mr. ENGMAN. Yes; I will provide that for the record. However, I should also draw the committee's attention to the fact that in item E of the form, only subitems 1, 4, and the direct proportions of sub-items 12, 13, 15, and 24 were required to be completed for the 1973 reporting year. Also, completion of item F was not required. Thus, the Commission has been moving carefully to implement the line of business reporting form using a phased implementation approach.

And, there have been a number of substantial revisions in the form for the 1974 reporting year. A redesigned form will be made public for comments in April. A full day's hearing on that form was held by the Commission on May 21, 1975. As a result of the experience gained with the 1973 reporting year, the public hearing, and staff analysis, the Commission will soon be issuing a revised form for the 1974 reporting year.

Mr. SMITH. Without objection, we shall place that in the record at this point.

[The information follows:]

FEDERAL TRADE COMMISSION
BUREAU OF ECONOMICS
WASHINGTON, D.C. 20580

ANNUAL LINE OF BUSINESS REPORT

The PURPOSE OF THIS REPORT is to enable the Federal Trade Commission to publish aggregate financial data for manufacturing industries. Each company being surveyed is asked to provide certain items of financial information on each of the lines of business in which it operates. These lines of business are to be combinations of establishments -- or parts of establishments for which data are already collected -- which have the same primary activity.

NOTICE: THIS REPORT IS REQUIRED BY LAW under authority of section 6 of the Federal Trade Commission Act (15 U.S.C. 46). The data are confidential and their use is governed by the Commission's rules and procedures on the use of LB data.

DUE DATE: 150 days after the end of the addressee company's fiscal year. If another domestic company has more than a 50 percent ownership interest in this firm and is consolidating this firm for purposes of this report, please complete only the first three pages of the report form, including the certification, and return them within ten days of receipt.

Company name and mailing address (please correct any errors):

FTC Control Number:

Please return a single copy of the completed report form to:
Line of Business Report, Bureau of Economics, Federal Trade Commission,
Washington, D.C. 20580. Written inquiries concerning the report
should also be sent to this office. For telephone inquiries
(202) 962-5517. In all communications, refer to the FTC Control
Number given above.

If some item or subitem is not applicable to the addressee company, enter "NA" in the appropriate space. All financial data should be for the addressee company's most recently completed fiscal year. Dollar amounts should be reported to the nearest

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thousand dollars, e.g., \$2,397,629 is to be reported as \$2,398. Report all percentages to the nearest tenth of one percent, e.g., \$491,126 as a percentage of \$2,397,629 is to be reported as 20.5 percent. Foreign monetary values are to be converted to dollar equivalents as of the date customarily used by the addressee company.

Continuation sheets for Items B through E have been included in the packet of materials you received. Additional copies of those sheets may be reproduced by you, or they will be supplied by the FTC on request. Put the FTC Control Number in the upper right hand corner of each sheet used. Number the continuation sheets for each item consecutively.

The Addendum to the report form contains a list of industry categories. It does not need to be returned when the completed report form is filed.

Footnotes should be used to explain fully any answer which appears to be inconsistent with instructions or which needs additional clarification as to its meaning; they may be put on the form itself (where space permits) or on attachment sheets. If attachment sheets are used, they should be identified with the FTC Control Number and the item letter(s) to which they apply; numbered consecutively, beginning with "attachment sheet (1)"; and put at the end of the completed report. The number of attachment sheets should be indicated in the blank which is provided below.

The numbers of continuation and attachment sheets are:

Item B ___; Item C ___; Item D ___; Item E ___; Attachment ___.

Representative of the addressee company who should be contacted regarding this report:

Name _____
Address _____

Telephone number _____

SUPERVISION

This report was prepared under my supervision. To the best of my knowledge, the information presented is true, correct, and complete.

(Signature and title of company official)

(Date)

ITEM A. COMPANY IDENTIFICATION. The purpose of this item is to determine any changes in the identity of the addressee company and to determine whether the addressee company is owned by another firm.

1. If the name and/or the mailing address of the addressee company has been changed during its most recently completed fiscal year, give the previous name and mailing address:

Name _____

Address _____

2. Did another domestic company have more than a 50 percent ownership interest in the addressee company at any time during the fiscal year (yes or no)? If no, skip subitem 3, and complete the rest of the report form. _____

3. Give the name, mailing address, and Employer Identification Number(s) of the owning company. If the addressee company is to be consolidated for reporting purposes by the owning company, do not complete the rest of the report form. Return the first three pages of the report form within ten days of its receipt.

Name _____

Address _____

Employer Identification Number(s)
under which the addressee company
reported income and payroll taxes: _____

4. The addressee company's began on: _____/_____
fiscal year (month/day/year)
for which this report is ended on: _____/_____
being filed:

5. Employer Identification Number(s)
under which the addressee company
reported income and payroll taxes: _____

ITEM B. COMPANY AFFILIATIONS. The purpose of this item is to identify active domestic companies in which the addressee company has a majority ownership interest. These data are necessary to evaluate adherence to the Rules for Consolidation in Item C and to identify changes from year to year in the addressee and reporting companies.

For purposes of this report, DOMESTIC refers to the 50 States and the District of Columbia. Hence, a DOMESTIC CORPORATION is one incorporated in one of the 50 States or the District of Columbia, and a DOMESTIC OPERATION is one in which production of a good or rendering of a service occurs in one or more of the 50 States and/or in the District of Columbia. Note that an operation taking place in one or more of the 50 States and/or in the District is domestic even though all of the output is exported. FOREIGN refers to other than the 50 States and the District of Columbia. Hence, a FOREIGN ENTITY is one which is legally organized in other than the 50 States or the District of Columbia and a FOREIGN BRANCH is a branch operating in other than the 50 States or the District of Columbia.

Complete one Item B sheet for each active domestic company in which the addressee company had more than a 50 percent ownership interest at any time during the fiscal year given in Item A above. If there were no such companies, enter "none" in subitem 1, and go to Item C. An ACTIVE company is a company with assets, or with receipts from operations, or both. Any company which is more than 50 percent owned by a subsidiary of the addressee company is considered to be more than 50 percent owned by the addressee company.

1. Exact company title: _____

2. Mailing address: _____

3. Place of incorporation (State or country): _____

4. Date of incorporation (month/day/year): _____ / _____ / _____

5. Employer Identification Number(s) assigned to this company for reporting income and payroll taxes: _____

6. Describe the company's principal activities:

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7. Total sales or receipts (including transactions with affiliates) in this company's most recently completed fiscal year: _____

8. Approximate percentage of total sales or receipts, as given in subitem 7, above, which originated from domestic operations: _____

9. If company was not more than 50 percent owned throughout entire fiscal year, give the first and last first: _____ / _____ days on which it was more than 50 percent owned (month/day/year) last: _____ / _____

10. If subitem 9 is applicable, please explain what happened.

ITEM C. DESCRIPTION OF THE QFR REPORTING COMPANY. The purpose of this item is to determine the makeup of the QFR Reporting Company.

The QFR REPORTING COMPANY is defined in accordance with the following rules of consolidation, which are taken from the FTC Quarterly Financial Report (1973 version of Form MG):

RULES FOR CONSOLIDATION

CONSOLIDATE THE DOMESTIC OPERATIONS of every corporation which is taxable under the U.S. Internal Revenue Code and is owned more than 50 percent by your corporation and its majority-owned corporations, and CONSOLIDATE every DISC (Domestic International Sales Corporation) which is owned more than 50 percent by your corporation and its majority-owned corporations, EXCEPT

DO NOT CONSOLIDATE:

- Foreign entities, either corporate or non-corporate;
- Foreign branch operations;
- Domestic corporations primarily engaged in foreign operations; and
- Domestic corporations primarily engaged in banking, finance, or insurance (as defined in major groups 60 through 63 and in group 672 of the Standard Industrial Classification Manual, 1972 edition).

CONSOLIDATION IS OPTIONAL for any domestic corporation required to file annual financial statements with the Interstate Commerce Commission, Civil Aeronautics Board, Federal Communications Commission, or Federal Power Commission. If you do consolidate any of these corporations in this Federal Trade Commission report, you are required to submit with this report a copy of the annual financial statements filed with the respective regulatory agencies.

List the companies which are consolidated into the QFR Reporting Company in accordance with the rules for consolidation given above. If only a part of a company is consolidated, so indicate. Any company listed below should also be listed in Item B.

ITEM D. IDENTIFICATION AND DESCRIPTION OF LINES OF BUSINESS. The purpose of this item is to identify your firm's lines of business and to gather information on the degree to which these lines are specialized to a single industry category.

Complete a separate Item D for each line of business of the QFR Reporting Company.

A LINE OF BUSINESS is the combination of all segments of the QFR Reporting Company which have the same primary activity code. Unless your company presently allocates all expenses and assets of an establishment to subunits of it, the establishment is a segment. If such allocations are currently done for any of your establishments, you must use the subunits of those establishments as segments.

An ESTABLISHMENT is a plant or other economic unit, generally at a single physical location, where manufacturing operations or other services are performed. Central administrative offices, auxiliary units, and sales offices which primarily wholesale or retail goods manufactured by the same firm are not separate establishments.

A central administrative office is a unit primarily engaged in management and general administrative functions performed centrally for other units of the same company.

An auxiliary unit is a unit primarily engaged in performing supporting services for other units of the same company rather than for the general public or for other business firms. A plant or other unit primarily engaged in manufacturing products which are then used as inputs by another establishment of the same firm is not to be treated as an auxiliary unit. It is a separate establishment.

For activities such as construction, transportation, communications, electric, gas, and sanitary services, and similar physically dispersed operations, establishments are represented by those relatively permanent main or branch offices, terminals, stations, etc., which are either (1) directly responsible for supervising such activities, or (2) the base from which personnel operate to carry out these activities. Hence the individual sites, projects, fields, networks, lines or systems of such dispersed activities are not ordinarily considered to be establishments.

This definition of establishment is essentially the same as that found in the Standard Industrial Classification Manual, 1972, except for the treatment of central administrative offices, auxiliary units, and sales offices.

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THE PRIMARY ACTIVITY CODE of a segment or line of business is the FTC code for the industry category in the Addendum which accounts for the largest percentage of the sales or receipts of that part of the company.

SALES OR RECEIPTS is defined as the value (measured at invoice prices) of merchandise sold or services rendered during the fiscal year, net of returns and allowances. Non-operating income is not included. Excise and sales taxes paid to Federal, State, local, or other taxing agencies are not included.

1. Primary activity code for this line of business:

FTC-_____

2. List the segments which are included in this line of business:

Name	City, State, ZIP Code	Primary Activity

3. Specialization of the line of business. To facilitate the determination of the relative importance of primary products and secondary products in this line of business, please provide a breakdown of its sales or receipts. Use 5-digit Census of Manufactures product classes for manufacturing activities and 2-digit Standard Industrial Classification (SIC) industries for non-manufacturing activities. Where data on some measure other than sales or receipts, such as value of shipments, are more readily available, they may be used, provided that the substitution is indicated in a footnote. Include in sales or receipts transfers to other lines of business. Data for the closest calendar year may be substituted for fiscal year data if they are more readily available and this is indicated in a footnote.

The 5-digit product class codes will be found in the Bureau of the Census publication 1972 Census of Manufactures: Numerical List of Manufactured Products (New 1972) SIC Basis. The 2-digit codes appear in the Standard Industrial Classification Manual, 1972, published by the Office of Management and Budget.

ITEM E. FINANCIAL DATA FOR LINES OF BUSINESS will be reported in this item. The Federal Trade Commission will aggregate data reported for all lines of business classified in a single industry category. The resulting aggregates will be published in an annual statistical report.

A company must complete a separate Item E form for each line of business in which it had at least \$10 million in fiscal year sales or receipts. In addition, it must complete a form for a residual category consisting of the sum of all lines of business in which it had less than \$10 million in sales or receipts in each. All activities of the QFR Reporting Company must be included in one of the separate lines of business or in the residual category. Use 99.99 as the FTC code number for the residual line of business.

The 10-K REPORTING COMPANY is the addressee company and all of its subsidiaries which are consolidated for the annual 10-K report filed with the Securities and Exchange Commission. For companies not filing with the SEC, use the addressee company and all of its majority owned subsidiaries as a 10-K Reporting Company for purposes of this report.

The DOMESTIC REGULATED SECTION includes all domestic corporations included in the 10-K Reporting Company but not in the QFR Reporting Company because either: (1) a corporation is primarily engaged in banking, finance, or insurance; or (2) a corporation is required to file annual financial statements with the Interstate Commerce Commission, Civil Aeronautics Board, Federal Communications Commission, or Federal Power Commission.

The FOREIGN SECTION includes all parts of the 10-K Reporting Company excluded from the QFR Reporting Company because of foreign activities as defined in the Rules for Consolidation in Item C.

In subitem 3, if transfers are not at fair market value, describe the method of valuation used, and give the reason for using it.

1. Primary activity code for this line of business: FTC-
2. Sales or receipts, not including transfers to other parts of the 10-K Reporting Company:
3. Transfers to other parts of the 10-K Reporting Company:
4. Total sales or receipts of the line of business (sum of subitems 2 and 3):

5. If the transfers reported in subitem 3 are more than five percent of the total sales or receipts reported in subitem 4, please provide a breakdown of the transfers. For each receiving line of business, for the domestic regulated section, and for the foreign section, list the transfers received if this amount is more than 10 percent of the total transfers from this line of business. Receiving lines of business are to be identified by their primary activity code, the domestic regulated and foreign sections are to be identified by the words "Regulated" and "Foreign" respectively.

Identification: -----

Sales or receipts: -----

In completing subitems 6 through 21, three categories are to be used: (1) direct, (2) allocated, and (3) not allocated. With respect to expenses, DIRECT COSTS are those which are incurred at or below the level of the individual line of business and which therefore do not pose an allocation problem. Costs that are to be ALLOCATED are costs incurred at a level above the individual line of business for which either reasonable measures of the benefits received by different lines of business exist or a reasonable determination of the effects on common costs caused by different lines of business can be made. Similar rules apply to income and asset items.

You are required to maintain records which describe the items which were allocated and the allocation bases used. These records need not be filed with this report but must be available for review by members of the Line of Business Report staff. These records must be maintained for a period of three (3) years.

For each subitem list the amount directly attributable to this line of business, the amount allocated to this line of business, and the sum of these two amounts. Data on income, expense, and asset items which are not allocated will be collected in Item F, below.

In subitem 15, report either Research and Development expense for the current period or amortization on capitalized Research and Development. Indicate in a footnote whether the number reported is expense or amortization.

In subitem 20, if the applicable tax rate(s) for extraordinary items is not the same as the company-wide tax rate, please explain in a footnote.

MEDIA ADVERTISING EXPENSE is all expenditures related to advertising the company's name, products, or services by television, radio, newspapers, newspaper supplements, magazines, business periodicals, billboards (outdoor advertising), transit, direct mail, handbills, and other media. Expenditures for the use of media and for advertising agency services are included. Expenditures for the support of advertising such as the cost of an advertising department, a market research group which specializes in evaluation of advertising and promotional efforts, a media buying department, or a graphic arts department that specializes in the preparation of advertising copy, are also included. This definition is essentially the same as the one used by the Securities and Exchange Commission, in Form 10-K.

SELLING EXPENSE OTHER THAN MEDIA ADVERTISING EXPENSE is all expenditures for sales promotion activities except those included in media advertising expense.

RESEARCH AND DEVELOPMENT EXPENSE is all expenditures for basic or applied research in the sciences and engineering, including design and development of prototypes and processes. Expenditures for quality control, routine product testing, market research, sales promotion, sales service, research in the social sciences or psychology, other nontechnological activities, and technical service are not included. This definition is the same as the one used by the National Science Foundation, in Form FD-1, and by the Bureau of the Census, in Form NC-X6 (Rev.).

COST OF SALES AND OPERATIONS is labor, including fringe benefits and employer contributions for payroll taxes; cost of materials used in manufacturing; cost of goods purchased for resale; changes in inventories; depreciation, depletion, and amortization; property taxes; and other factory costs. Selling costs, research and development expense, and general and administrative costs are not included in cost of sales and operations.

	Direct	Allocated	Sum of columns A & B
	(Col A)	(Col B)	(Col C)
6. Materials costs (including goods purchased for resale), not including transfers from other parts of the 10-K Reporting Company:	-----	-----	-----
7. Materials (including goods purchased for resale), transferred from other parts of the 10-K Reporting Company:	-----	-----	-----
8. Labor costs:	-----	-----	-----

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	Direct (Col A)	Allocated (Col B)	Sum of columns A & B (Col C)
9. Inventory at beginning of fiscal year less inventory at end of fiscal year:	-----	-----	-----
10. Depreciation, depletion, and amortization on plant, property, and equipment:	-----	-----	-----
11. Other costs of sales and operations:	-----	-----	-----
12. Cost of sales and operations (subitems 6 through 11):	-----	-----	-----
13. Media advertising expense:	-----	-----	-----
14. Selling expense other than media advertising expense:	-----	-----	-----
15. Research and development expense:	-----	-----	-----
16. Other general and administrative expense:	-----	-----	-----
17. Operating income before unallocated items (subitem 4 less subitems 12 through 16):	-----	-----	-----
18. Non-operating expense less non-operating income (not including income from equity in unconsolidated subsidiaries or affiliated companies or interest expense):	-----	-----	-----
19. Income before unallocated and extraordinary amounts (subitem 17 less subitem 18):	-----	-----	-----
20. Extraordinary gains less extraordinary losses, not net of applicable taxes:	-----	-----	-----
21. State and local income taxes:	-----	-----	-----

For the asset subitems below, 22 through 25, use the same three categories as were used above: direct, allocated, and not allocated. Investments in unconsolidated subsidiaries and affiliated companies should not be reported in subitem 25, either in the direct or allocated columns; they are to be reported in Items F and G. All asset subitems are to be reported as of the last day of the fiscal year.

	Direct (Col A)	Allocated (Col B)	Sum of columns A & B (Col C)
22. Gross plant, property, and equipment:	-----	-----	-----
23. Accumulated depreciation, depletion, and amortization on plant, property, and equipment:	-----	-----	-----
24. Net plant, property, and equipment (subitem 22 less subitem 23):	-----	-----	-----
25. All other assets:	-----	-----	-----

ITEM F. INCOME, EXPENSES, AND ASSETS NOT ALLOCATED TO INDIVIDUAL LINES OF BUSINESS. The purpose of this item is to collect data on those amounts that were not direct or allocated, and were therefore not reported in Item E.

For subitems 1 through 7, 9, and 10, list the amount of income or expense that was not direct or was not allocated to individual lines of business in Item E. If the amount reported for any of these subitems, or part of the reported amount, is common to only some of your lines of business, please indicate the amount and the lines to which the amount is common in a footnote.

All interest expense of the QFR Reporting Company is to be given in subitem 8, and all Federal income tax is to be given in subitem 11.

In subitem 5, report either Research and Development expense for the current period or amortization on capitalized Research and Development. Indicate in a footnote whether the number reported is expense or amortization.

In subitem 9, if the applicable tax rate(s) for extraordinary items is not the same as the company-wide tax rate, please explain in a footnote.

1. Depreciation, depletion, and amortization on plant, property, and equipment: _____
2. Other costs of sales and operations: _____
3. Media advertising expense: _____
4. Selling expense other than media advertising expense: _____
5. Research and development expense: _____
6. Other general and administrative expense: _____
7. Non-operating expense less non-operating income (including income from the equity of unconsolidated subsidiaries and affiliated companies except for those included in the domestic regulated section and the foreign section, and not including interest expense): _____
8. QFR Reporting Company interest expense: _____
9. Extraordinary gains less extraordinary losses, not net of applicable taxes: _____
10. State and local income taxes: _____
11. Federal income taxes: _____

PTC Control No. _____

In subitems 12 through 15, give the amounts for the components of assets which were not direct and were not allocated to individual lines of business in Item E. All asset subitems are to be reported as of the last day of the fiscal year. All investments in unconsolidated subsidiaries and affiliated companies (except for those included in the domestic regulated section or the foreign section) should be included in subitem 15.

12. Gross plant, property, and equipment: _____
13. Accumulated depreciation, depletion, and amortization on plant, property, and equipment: _____
14. Net plant, property, and equipment (subitem 12 less subitem 13): _____
15. All other assets: _____

ITEM G. FINANCIAL DATA FOR THE CONSOLIDATED QFR REPORTING COMPANY.
The purpose of this item is to get financial information for the
QFR Reporting Company as a whole that corresponds to the in-
formation provided in Items E and F.

In completing this item, refer to the definitions of terms which were given in Item E. The subitem numbers used below are the same as the numbers used in the QFR MG and TR report forms. Since there is more detail for subitems 1, 4, 7, and 9 in this report than in the QFR reports, those subitems have been subdivided (4-1, 4-2, etc.). Note that the definition of sales or receipts is different for the two forms: sales and excise taxes are not included in this report, but may be included in the QFR report. Otherwise, the report forms for the two programs are completely consistent.

1-1. Sales or receipts, not including transfers to the domestic regulated and foreign sections, and not including sales and excise taxes:

1-2. Transfers to the domestic regulated and foreign sections:

1-3. Sales or receipts (subitems 1-1 and 1-2):

3. Depreciation, depletion, and amortization on plant, property, and equipment:

4-1. Materials costs, including transfers from the domestic regulated section and the foreign section:

4-2. Labor costs:

4-3. Other costs of sales and operations:

4-4. Media advertising expense:

4-5. Selling expense other than media advertising expense:

4-6. Research and development expense:

4-7. Other general and administrative expense:

5. Operating income (subitem 1-3 less subitems 3 through 4-7):

6. Non-operating income:

7-1. Interest expense:

PTC Control No. _____.

7-2. Other non-operating expense: _____

8. Income before income taxes and extraordinary items (subitems 5 and 6 less subitems 7-1 and 7-2): _____

9-1. Net income of foreign section (net of foreign taxes): _____

Earned on:

a. Sales or receipts (not including transfers to other parts of the 10-K Reporting Company): _____

b. Transfers to other parts of the 10-K Reporting Company: _____

9-2. Net income of domestic regulated section: _____

Earned on:

a. Sales or receipts (not including transfers to other parts of the 10-K Reporting Company): _____

b. Transfers to other parts of the 10-K Reporting Company: _____

9-3. Net income of domestic investments accounted for by the equity method: _____

10. Provision for current and deferred domestic income taxes (on subitems 8 through 9-3): _____

11. Income after income taxes (subitems 8 through 9-3 less subitem 10): _____

12. Extraordinary gains, less applicable income taxes:

a. Income taxes on subitem 12: _____

13. Extraordinary losses, less applicable income taxes:

a. Income taxes on subitem 13: _____

14. Minority stockholders' interest in income of 10-K Reporting Company: _____

15. Net income (subitems 11 and 12 less subitems 13 and 14): _____

16. Retained earnings at beginning of fiscal year: _____
17. Cash dividends charged to retained earnings: _____
18. Other direct charges or credits to retained earnings: _____
19. Retained earnings at end of fiscal year
(subitems 15 and 16 less subitems 17 and 18): _____

For asset and equity subitems, report as of the last day of the fiscal year.

- 26a,b. Gross plant, property, and equipment: _____
- 26c. Accumulated depreciation, depletion,
and amortization on plant, property, and
equipment: _____
- 26d. Net plant, property, and equipment
(subitem 26a,b less subitem 26c): _____
- 20-25,27. All other assets: _____
- 38d. Stockholders' equity: _____

PTC Control No. _____

ITEM B. COMPANY AFFILIATIONS. (CONTINUATION SHEET)

Complete one Item B sheet for each active domestic company in which the addressee company had more than a 50 percent ownership interest at any time during the fiscal year given in Item A above.

1. Exact company title: _____
2. Mailing address:

3. Place of incorporation (State or country): _____
4. Date of incorporation (month/day/year): ____ / ____
5. Employer Identification Number(s) assigned to this company for reporting income and payroll taxes: _____
6. Describe the company's principal activities:

7. Total sales or receipts (including transactions with affiliates) in this company's most recently completed fiscal year: _____
8. Approximate percentage of total sales or receipts, as given in subitem 7, above, which originated from domestic operations: _____
9. If company was not more than 50 percent owned throughout entire fiscal year, give the first and last first: ____ / ____ days on which it was more than 50 percent owned (month/day/year) last: ____ / ____
10. If subitem 9 is applicable, please explain what happened.

FTC Control No. _____

ITEM C. DESCRIPTION OF THE QFR REPORTING COMPANY. (CONTINUATION SHEET)

List the companies which are consolidated into the QFR Reporting Company in accordance with the rules for consolidation given above. If only a part of a company is consolidated, so indicate. Any company listed below should also be listed in Item B.

CONTINUATION SHEET C ()

FTC Control No. _____

**ITEM D. IDENTIFICATION AND DESCRIPTION OF LINES OF BUSINESS.
(CONTINUATION SHEET)**

Complete a separate Item D for each line of business of the QFR Reporting Company.

1. Primary activity code for this line of business:

FTC-_____

2. List the segments which are included in this line of business:

Name	City, State, ZIP Code	Primary Activity

3. Specialization of the line of business. To facilitate the determination of the relative importance of primary products and secondary products in this line of business, please provide a breakdown of its sales or receipts. Use 5-digit Census of Manufactures product classes for manufacturing activities and 2-digit Standard Industrial Classification (SIC) industries for non-manufacturing activities. Where data on some measure other than sales or receipts, such as value of shipments, are more readily available, they may be used, provided that the substitution is indicated in a footnote. Include in sales or receipts transfers to other lines of business. Data for the closest calendar year may be substituted for fiscal year data if they are more readily available and this is indicated in a footnote.

Description	Census or Sales or SIC code receipts number

FTC Control No. _____

ITEM E. FINANCIAL DATA FOR LINES OF BUSINESS. (CONTINUATION SHEET)

A company must complete a separate Item E form for each line of business in which it had at least \$10 million in fiscal year sales or receipts. In addition, it must complete a form for a residual category consisting of the sum of all lines of business in which it had less than \$10 million in sales or receipts in each. All activities of the QPR Reporting Company must be included in one of the separate lines of business or in the residual category. Use 99.99 as the FTC code number for the residual line of business.

In subitem 3, if transfers are not at fair market value, describe the method of valuation used, and give the reason for using it.

1. Primary activity code for this line of business: ETC-_____
2. Sales or receipts, not including transfers to other parts of the 10-K Reporting Company: _____
3. Transfers to other parts of the 10-K Reporting Company: _____
4. Total sales or receipts of the line of business (sum of subitems 2 and 3): _____
5. If the transfers reported in subitem 3 are more than five percent of the total sales or receipts reported in subitem 4, please provide a breakdown of the transfers. For each receiving line of business, for the domestic regulated section, and for the foreign section, list the transfers received if this amount is more than 10 percent of the total transfers from this line of business. Receiving lines of business are to be identified by their primary activity code, the domestic regulated and foreign sections are to be identified by the words "Regulated" and "Foreign" respectively.

Identification: _____ - _____ - _____ - _____

Sales or receipts: _____ - _____ - _____ - _____

You are required to maintain records which describe the items which were allocated and the allocation bases used. These records need not be filed with this report but must be available for review by members of the Line of Business Report staff. These records must be maintained for a period of three (3) years.

For each subitem list the amount directly attributable to this line of business, the amount allocated to this line of business, and the sum of these two amounts. Data on income, expense, and asset items which are not allocated will be collected in Item F, below.

In subitem 15, report either Research and Development expense for the current period or amortization on capitalized Research and Development. Indicate in a footnote whether the number reported is expense or amortization.

In subitem 20, if the applicable tax rate(s) for extraordinary items is not the same as the company-wide tax rate, please explain in a footnote.

	Direct	Allocated	Sum of columns A & B
	(Col A)	(Col B)	(Col C)
6. Materials costs (including goods purchased for resale), not including transfers from other parts of the 10-K Reporting Company:	-----	-----	-----
7. Materials (including goods purchased for resale), transferred from other parts of the 10-K Reporting Company:	-----	-----	-----
8. Labor costs:	-----	-----	-----
9. Inventory at beginning of fiscal year less inventory at end of fiscal year:	-----	-----	-----
10. Depreciation, depletion, and amortization on plant, property, and equipment:	-----	-----	-----
11. Other costs of sales and operations:	-----	-----	-----
12. Cost of sales and operations (subitems 6 through 11):	-----	-----	-----
13. Media advertising expense:	-----	-----	-----

FTC Control No. _____

	Direct (Col A)	Allocated (Col B)	Sum of columns A & B (Col C)
14. Selling expense other than media advertising expense:	-----	-----	-----
15. Research and development expense:	-----	-----	-----
16. Other general and administrative expense:	-----	-----	-----
17. Operating income before unallocated items (subitem 4 less subitems 12 through 16):	-----	-----	-----
18. Non-operating expense less non-operating income (not including income from equity in unconsolidated subsidiaries or affiliated companies or interest expense):	-----	-----	-----
19. Income before unallocated and extraordinary amounts (subitem 17 less subitem 18):	-----	-----	-----
20. Extraordinary gains less extraordinary losses, net of applicable taxes:	-----	-----	-----
21. State and local income taxes:	-----	-----	-----
<p>For the asset subitems below, 22 through 25, use the same three categories as were used above: direct, allocated, and not allocated. Investments in unconsolidated subsidiaries and affiliated companies should not be reported in subitem 25, either in the direct or allocated columns; they are to be reported in Items F and G. All asset subitems are to be reported as of the last day of the fiscal year.</p>			
22. Gross plant, property, and equipment:	-----	-----	-----
23. Accumulated depreciation, depletion, and amortization on plant, property, and equipment:	-----	-----	-----
24. Net plant, property, and equipment (subitem 22 less subitem 23):	-----	-----	-----
25. All other assets:	-----	-----	-----

Addendum: List of Industry Categories for Line of Business Report

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
MANUFACTURING CATEGORIES:		
20.01	Meat products	201
20.02	Fluid milk	2026
20.03	Dairy products exc. fluid milk	202,x 2026
20.04	Canned specialties	2032
20.05	Preserved fruits and vegetables, exc. canned specialties	203,x 2032
20.06	Cereal breakfast foods	2043
20.07	Dog, cat, and other pet food	2047
20.08	Flour and other grain mill products, rice milling, blended and prepared flour, wet corn milling, prepared feeds, nec	204,x 2043,7
20.09	Bread, cake, and related products	2051
20.10	Cookies and crackers	2052
20.11	Confectionery products	2065
20.12	Chocolate and cocoa products	2066
20.13	Chewing gum	2067

<u>PTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
20.14	Raw cane sugar, cane sugar refining, beet sugar	2061, 2, 3
20.15	Fats and oils	207
20.16	Malt beverages, malt	2082, 3
20.17	Wines, brandy, brandy spirits, and distilled liquor	2084, 5
20.18	Bottled and canned soft drinks	2086
20.19	Flavoring extracts and syrups, nec	2087
20.20	Roasted coffee	2095
20.21	Misc. foods and kindred products, exc. roasted coffee	209,x 2095
21.01	Cigarettes	211
21.02	Cigars	212
21.03	Chewing and smoking tobacco	213
21.04	Tobacco stemming and redrying	214
22.01	Weaving mills, cotton	221
22.02	Weaving mills, synthetics	222
22.03	Weaving and finishing mills, wool	223
22.04	Narrow fabric mills	224
22.05	Knitting mills	225

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
22.06	Textile finishing, except wool	226
22.07	Floor covering mills	227
22.08	Yarn and thread mills	228
22.09	Tire cord and fabric	2296
22.10	Misc. textile goods, exc. tire cord and fabric	229,x 2296
23.01	Men's and boys' suits and coats	231
23.02	Men's and boys' furnishings	232
23.03	Women's and misses' outerwear	233
23.04	Women's and children's undergarments	234
23.05	Hats, caps, and millinery	235
23.06	Children's outerwear	236
23.07	Pur goods	237
23.08	Misc. apparel and accessories	238
23.09	Misc. fabricated textile products	239
24.01	Logging camps and logging contractors	241
24.02	Sawmills and planing mills	242
24.03	Hillwork, plywood and structural members	243
24.04	Wood containers	244

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
24.05	Wood buildings and mobile homes	245
24.06	Misc. wood products	249
25.01	Mattresses and bedsprings	2515
25.02	Household furniture, exc. mattresses and bedsprings	251,x 2515
25.03	Office furniture	252
25.04	Public building and related furniture	253
25.05	Partitions and fixtures	254
25.06	Misc. furniture and fixtures	259
26.01	Pulp mills	261
26.02	Paper mills, except building paper	262
26.03	Paperboard mills	263
26.04	Misc. converted paper products	264
26.05	Paperboard containers and boxes	265
26.06	Building paper and board mills	266
27.01	Newspapers	271
27.02	Periodicals	272
27.03	Books	273

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
27.04	Misc. publishing	274
27.05	Commercial printing	275
27.06	Manifold business forms	276
27.07	Greeting card publishing	277
27.08	Blankbooks and bookbinding	278
27.09	Printing trade services	279
28.01	Industrial gases	2813
28.02	Industrial inorganic chemicals, exc. industrial gases	281,x 2813
28.03	Plastics materials and resins	2821
28.04	Synethtic rubber	2822
28.05	Organic fibers	2823, 4
28.06	Drugs, ethical	pt. 283
28.07	Drugs, proprietary	pt. 283
28.08	Toilet preparations	2844
28.09	Soap and other cleaning preparations	284,x 2844
28.10	Paints and allied products	285
28.11	Industrial organic chemicals	286

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
28.12	Agricultural chemicals	287
28.13	Explosives	2892
28.14	Misc. chemical products, exc. explosives	289,x 2892
29.01	Petroleum refining	291
29.02	Paving and roofing materials	295
29.03	Misc. petroleum and coal products	299
30.01	Tires and inner tubes	301
30.02	Rubber and plastics footwear	302
30.03	Reclaimed rubber	303
30.04	Rubber and plastics hose and belting	304
30.05	Fabricated rubber products, nec	306
30.06	Misc. plastics products	307
31.01	Leather tanning and finishing	311
31.02	Boot and shoe cut stock and findings	313
31.03	Footwear, except rubber	314
31.04	Leather gloves and mittens	315
31.05	Luggage	316
31.06	Handbags and personal leather goods	317

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
31.07	Leather goods, nec	319
32.01	Flat glass	321
32.02	Glass containers	3221
32.03	Pressed and blown glass, nec	3229
32.04	Products of purchased glass	323
32.05	Cement, hydraulic	324
32.06	Structural clay products	325
32.07	Vitreous plumbing fixtures	3261
32.08	Pottery and related products, exc. vitreous plumbing fixtures	326,x 3261
32.09	Gypsum products	3275
32.10	Concrete and plaster products	327,x 3275
32.11	Cut stone and stone products	328
32.12	Abrasive products	3291
32.13	Asbestos products	3292
32.14	Mineral wool	3296
32.15	Nonmetallic mineral products, nec	3293, 5, 7, 9
33.01	Blast furnace and basic steel products	331

<u>PTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
33.02	Iron and steel foundries	332
33.03	Primary copper	3331
33.04	Primay lead	3332
33.05	Primay zinc	3333
33.06	Primary aluminum	3334
33.07	Primary nonferrous metals, nec	3339
33.08	Secondary nonferrous metals	334
33.09	Aluminum sheet, plate, and foil, aluminum extruded products, aluminum rolling and drawing, nec	3353, 4, 5
33.10	Nonferrous rolling and drawing (including copper), nec, and nonferrous wire drawing and insulating	3351, 6, 7
33.11	Nonferrous foundries	336
33.12	Misc. primary metal products	339
34.01	Metal cans	3411
34.02	Metal barrels, drums, and pails	3412
34.03	Cutlery	3421
34.04	Hand tools and hardware	342,x 3421
34.05	Plumbing and heating, except electric	343

<u>PTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
34.06	Metal doors, sash, and trim	3442
34.07	Fabricated structural metal products, exc. metal doors, sash, and trim	344,x 3442
34.08	Screw machine products, bolts, etc.	345
34.09	Nonferrous forgings	3463
34.10	Metal forgings and stampings, exc. nonferrous forgings	346,x 3463
34.11	Metal services, nec	347
34.12	Ordnance and accessories, nec	348
34.13	Steel springs, except wire	3493
34.14	Wire springs	3495
34.15	Misc fabricated metal products, exc. steel and wire springs	349,x 3493,5
35.01	Turbines and turbine generator sets	3511
35.02	Internal combustion engines, nec	3519
35.03	Farm machinery and equipment	3523
35.04	Lawn and garden equipment	3524
35.05	Construction and related machinery	353
35.06	Power driven hand tools	3546

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
35.07	Metalworking machinery, exc. power driven hand tools	354,x 3546
35.08	Food products machinery	3551
35.09	Textile machinery	3552
35.10	Paper industries machinery	3554
35.11	Printing trades machinery	3555
35.12	Woodworking machinery, special industrial machinery, nec	3553, 9
35.13	Pumps and pumping equipment	3561
35.14	Ball and roller bearings	3562
35.15	General industrial machinery, exc. pumps and pumping equipment, ball and roller bearings	356,x 3561, 2
35.16	Typewriters	3572
35.17	Electronic computing equipment	3573
35.18	Calculating and accounting machines	3574
35.19	Scales and balances, exc. laboratory, and office machines, nec	3576, 9
35.20	Refrigeration and service machinery	358
35.21	Misc. machinery, except electrical	359
36.01	Transformers	3612

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
36.02	Switchgear and switchboard apparatus	3613
36.03	Motors and generators	3621
36.04	Carbon and graphite products	3624
36.05	Electrical industrial apparatus, exc. motors and generators, carbon and graphite products	362,x 3621, 4
36.06	Household cooking equipment	3631
36.07	Household refrigerators and freezers	3632
36.08	Household laundry equipment	3633
36.09	Electric housewares and fans	3634
36.10	Household vacuum cleaners	3635
36.11	Sewing machines	3636
36.12	Household appliances, nec	3639
36.13	Electric lamps	3641
36.14	Vehicular lighting equipment	3647
36.15	Electric lighting and wiring equipment, exc. electric lamps and vehicular lighting equipment	364,x 3641, 7
36.16	Radio and TV receiving sets	3651
36.17	Phonograph records	3652
36.18	Telephone and telegraph apparatus	3661

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
36.19	Radio and TV communication equipment	3662
36.20	Electron tubes, receiving type	3671
36.21	Cathode ray television picture tubes	3672
36.22	Electron tubes, transmitting	3673
36.23	Semiconductors and related devices, electronic capacitors, resistors, coils and transformers, connectors and components, nec	3674,5,6,7,8,9
36.24	Primary batteries, dry and wet	3692
36.25	Engine electrical equipment	3694
36.26	Storage batteries	3691
36.27	X-ray apparatus and tubes, electrical equipment and supplies, nec	3693, 9
37.01	Motor vehicles and car bodies	3711
37.02	Truck and bus bodies	3713
37.03	Motor vehicle parts and accessories	3714
37.04	Truck trailers	3715
37.05	Aircraft	3721
37.06	Aircraft engines, parts and equipment, nec	3724, 8
37.07	Ship and boat building and repairing	373
37.08	Railroad equipment	374

<u>FTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
37.09	Motorcycles, bicycles, and parts	375
37.10	Guided missiles, space vehicles, parts	376
37.11	Travel trailers and campers	3792
37.12	Misc. transportation equipment, exc. travel trailers and campers	379,x 3792
38.01	Engineering and scientific instruments	381
38.02	Measuring and controlling devices	382
38.03	Optical instruments and lenses	383
38.04	Dental equipment and supplies	3843
38.05	Surgical and medical instruments, appliances and supplies	384,x 3843
38.06	Ophthalmic goods	385
38.07	Photographic equipment and supplies	386
38.08	Watches, clocks, and watchcases	387
39.01	Jewelry, silverware, and plated ware	391
39.02	Musical instruments	393
39.03	Sporting and athletic goods, nec	3949
39.04	Dolls, games, toys, and children's vehicles	394,x 3949
39.05	Pens, pencils, office and art supplies	395

63
88
N3

<u>PTC Code</u>	<u>Description</u>	<u>Related 1972 SIC Codes</u>
39.06	Costume jewelry and notions	396
39.07	Hard surface floor coverings	3996
39.08	Misc. manufactures, exc. hard surface floor coverings	399,x 3996
NON-MANUFACTURING CATEGORIES:		
1.01	Agriculture	01, 02, 07
8.01	Forestry and fishing	08, 09
10.01	Mining	10, 11, 12 13, 14
15.01	Construction	15, 16, 17
40.01	Transportation and public utilities	40, 41, 42, 43, 44, 45, 46, 47, 48, 49
50.01	Wholesale trade	50, 51
52.01	Retail trade	52, 53, 54, 55, 56, 57, 58, 59
60.01	Finance, insurance, and real estate	60, 61, 62, 63, 64, 65, 66, 67,
70.01	Services	70, 72, 73, 75, 76, 78, 79, 80, 81, 82, 83, 84, 86, 88, 89

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Mr. SMITH. What do you plan to do with this data?

Mr. ENGMAN. The data will be aggregated and will be made available in an aggregated data basis. Individual company information will not be made public. Also, the 1973 form was designed in part to assist the staff in making the form for future years more meaningful. We asked a more limited number of questions in the 1973 form than we propose asking with respect to 1974 data.

CONFIDENTIALITY OF LINE OF BUSINESS DATA

Mr. SMITH. There has been a lot of talk and controversy about the confidentiality of the data. Perhaps for the record you ought to explain what the controversy is and how you are handling it.

Mr. ENGMAN. First of all, the Commission has established guidelines internally which prohibit any member of staff or Commissioners office, other than those directly affected with the Division of Financial Statistics and the program itself, from seeing individual confidential data. That includes myself, as a matter of fact, or the Director of the Bureau of Economics, or any other member of the Commission.

In addition our fiscal year 1975 appropriations bill contains language which expressly mandates confidentiality and provides that no sums will be expended to pay the salary of any employee who breaches that confidentiality requirement.

Mr. SMITH. You are proposing that language be maintained in the 1976 bill?

Mr. ENGMAN. We are proposing the substance of that language be maintained. I suggest there may be some minor changes with respect to specific drafting which we can have our staff discuss with yours.

Mr. SMITH. Go ahead with your explanation.

Mr. ENGMAN. That is the essence of it.

Mr. SMITH. What is there about this information that some stockholder couldn't get if he wanted to? Why is it of the nature that it should be considered so confidential? Why is it something that a competitor couldn't get somewhere or other anyway?

Mr. ENGMAN. Companies historically have jealously guarded this kind of information. This information has never been required by any agency such as ours in the past. There is just a great deal of sensitivity about it.

With respect to whether or not other companies can obtain this kind of information I cannot really answer your question. I am not an expert on internecine warfare that may go on among competitors in a given industry.

Mr. SMITH. How does this fit into the requirements of the Freedom of Information Act?

Mr. ENGMAN. We believe that it would fit within the trade secret exemption.

Mr. SMITH. Set forth in the record the specific exemption at this point.

[The information follows:]

EXEMPTION FOR LINE OF BUSINESS DATA

Nonpublic Line-of-Business data would fit within exemption 4 to the Freedom of Information Act (5 U.S.C. § 552(b)(4)) which provides that "trade secrets and commercial or financial information obtained from a person and privileged or confidential" need not be disclosed. In addition, exemption 3 (5 U.S.C. § 552(b)(3)) provides that records "specifically exempted from disclosure by statute" need not be provided under the Freedom of Information Act. Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. § 46(b), prohibits the Commission from making public "trade secrets and names of customers". To the extent that Line of Business reports might contain information prohibited from disclosure by Section 6(f), the prohibition would thus be carried forward into the Freedom of Information Act by exemption 3. However, because of the uncertainty occasioned by restrictive judicial interpretations of the exemptions to the Freedom of Information Act and because of inherent statutory limitations (e.g., the Congressional exemption) to the Act, the Commission does endorse the inclusion of language in our Appropriation Act for fiscal 1976 to ensure that the confidentiality is required by an act of the Congress.

[The following letters, from the Comptroller General were submitted to the committee concerning the Federal Trade Commission's "line of business" report.]



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-180229

March 5, 1975

RECEIVED

The Honorable George H. Mahon
Chairman, Committee on Appropriations
House of Representatives

MAR 5 1975

APPNS. CMTE.

Dear Mr. Chairman:

House report 93-1120, dated June 18, 1974, directed the Federal Trade Commission (FTC) and GAO to work together during the next year to resolve some of the problems associated with FTC's line-of-business report. It also directed us to report on FTC's progress in improving the report and on any additional improvements which we believe need to be made. This letter is in response to the second part of the directive.

As you are aware, on March 27, 1974, FTC submitted its line-of-business report to our Office for clearance, as required by section 409 of Public Law 93-153. In our report of May 13, 1974, we approved the line-of-business report but

- limited collection of the data to the initial round of reports, with approval of additional rounds subject to substantial reduction in or elimination of the problems which will make the initial data unreliable;
- recommended that FTC conduct extensive discussions with business representatives, either on an across-the-board basis or on a sample or pilot basis, to advance the ease and accuracy of reporting as rapidly as possible; and
- recommended that FTC explore, with other Federal agencies, including the Bureau of the Census and the Securities and Exchange Commission, the possibility of coordinating or consolidating its data with similar data collected by those agencies.

In mid-August 1974, FTC directed 345 firms to file a report with FTC by mid-January 1975. Recently, we were told that the reporting deadline had been changed to mid-February for 147 firms that have motions to quash pending before FTC. FTC told us that, as of February 7, 139 companies had filed the required reports.

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To assess FTC's progress in improving the line-of-business report, we determined FTC's actions to (1) hold extensive discussions with business representatives to make reporting as easy and accurate as possible and (2) explore with other agencies the possibility of coordinating or consolidating data collection efforts. To do this, we conducted extensive interviews with FTC personnel and various business and consumer organizations and solicited written comments from 15 corporations which are required to submit line-of-business data to FTC. In soliciting these comments, we emphasized that we would honor FTC's pledge of confidentiality and would not release or publish any information which would violate that pledge. In addition, we received written comments from several other corporations which learned of our effort and wished to make their views known.

However, we were limited in assessing FTC's actions because FTC denied us access to its records which show specifically who had contacted FTC and what problems were raised.

FTC told us that, in an effort to advise and cooperate with those corporations subject to the reporting requirements, it had made 17 "question and answer sheets" available to any interested reporting company. These documents, published between October 18 and November 8, 1974, contained a variety of questions from individual reporting companies and FTC's answers. In addition, as of February 7, FTC members had spoken to 11 convocations of company accountants and other interested parties, and, at the request of 19 companies, had met with individual company representatives. In addition, FTC staff received about 290 telephone requests for assistance from about 140 different companies.

In commenting on FTC's progress since we issued our report, many of the companies and organizations stated that FTC's actions were "too little and too late." In addition, many stated that

- much of the action FTC took had resulted in a further erosion of the meaningfulness of the reported data;
- FTC's actions might reduce the reporting burden, but it was, and would continue to be, greater than FTC originally anticipated; and

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--the individually reported company data would not be adequately protected to safeguard confidential company data.

In discussions with FTC personnel, they told us they had met with representatives of both the Securities and Exchange Commission and the Bureau of the Census, as recommended in our May 1974 report.

Each of the above points is discussed in the succeeding sections. We must emphasize that the discussions pertain primarily to the reporting of 1973 data because FTC's efforts since we issued our report have been aimed primarily at the initial round of reports, as they should be. FTC told us that it anticipates submitting a revised line-of-business program, based on the experience it has gained and will gain from this initial collection effort, to our Office for clearance some time during the early part of 1975. At this time, FTC does not know what the dimensions of the program will be because FTC has only recently begun to receive reports from the respondents.

MEANINGFULNESS

In our May 1974 report, we said we were concerned that problems existed in the generation of data that would make "the initial responses unreliable, at best, in our judgment." These problems were the result of (1) adapting FTC's classifications to widely varying individual company systems and (2) proposed procedures for allocating costs common to segments of a company and for pricing goods transferred between various segments of a company.

Many of the comments we received renewed the arguments that were conveyed to us during the review which preceded our May report. In addition, many corporations stated that the guidelines published by FTC since our report was issued were aimed at reducing the compliance burden for 1973. Although these guidelines reduced the burden somewhat, many companies stated, and we agree, that the reliability and usefulness of the reported data is reduced even further.

BURDEN

As discussed in the previous section, FTC has attempted to ease the reporting burden by modifying some of its earlier requirements. For example, FTC has agreed to permit special

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reporting exceptions for companies which have problems unique to them or to their type of business. One respondent stated that FTC had agreed not to require consolidation of its operating subsidiaries. This agreement was based on the availability of financial data for the subsidiaries through their annual filings with another Federal agency.

Although FTC's efforts apparently have reduced the burden somewhat, many companies have stated that the cost of reporting is still higher than FTC estimated. In most cases, however, the present estimate of complying with the 1973 requirement is somewhat lower than was anticipated at the time of our May report. Because only partial reporting is required for 1973 while full reporting will be required for 1974, respondents cannot fully estimate the cost of compliance for 1974 because they do not know what the dimensions of the requirement will be. However, we and the respondents anticipate the cost to be somewhat higher than FTC's estimate of \$10,000 for each company.

CONFIDENTIALITY

A large number of the companies providing us with comments expressed concern that the data reported to FTC might be disclosed. This concern stems from (1) the fact that FTC, pursuant to the Freedom of Information Act, has released to the Consumer's Union the names of the respondents who have filed motions to quash the program with FTC and (2) the fear that mathematical techniques may be used to disaggregate the data published by FTC. In addition, concern was also expressed that an individual company's report and the supporting material, which the individual company is to maintain for 3 years, may be subject to subpoena by an outside entity.

About the disaggregation issue, FTC said that the "conditions necessary for the application of this technique are highly improbable" and that if the conditions are found to exist, "the Commission will heed its own regulations and not publish information about the industry even though there may be four firms in the industry category."

We continue to believe that, to ease the fear that confidential data will be released to outside sources, the Congress should consider legislation which would prevent FTC from releasing the individual company line-of-business reports. Although such legislation may prevent a legitimate party from using the reports, it would go a long way in having the

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respondents accept the requirements and in improving the quality of the reporting.

DUPLICATION

As we stated in our May 1974 report, duplication of data already being collected does not appear to be a major problem. Any duplication that might exist is only at a very aggregated level. Much of the new data being requested is in greater detail than is now required.

In our May 1974 report, we recommended that FTC explore, with other Federal agencies, the possibility of coordinating or consolidating its data with similar data collected by those agencies. FTC personnel told us that discussions have been and will continue to be held with both the Securities and Exchange Commission and the Bureau of the Census, with a long-range view to consolidating and coordinating line-of-business reporting. In addition, the Bureau of the Census and FTC are expecting to make available to each other existing data which will not violate their respective confidentiality pledges, e.g., through suitable aggregation. At this time, it is too early to assess the outcome of these efforts.

LITIGATION

At present, approximately 40 respondent companies have filed suit to enjoin enforcement of the line-of-business program, challenging both FTC's authority to require the reports and the validity of our May 1974 approval. The two leading actions are Aluminum Co. of America, et al. v. Federal Trade Commission, et al., 76 Civ. 17, filed January 3, 1975, in the United States District Court for the Southern District of New York, and A. O. Smith Corp., et al. v. Federal Trade Commission, et al., filed January 22, 1975, in the United States District Court for Delaware. Plaintiffs in those and similar actions allege, among other things, that the line-of-business program is conceptually unsound, that it will not produce meaningful data, that the confidentiality of individual company data may be jeopardized, and that the program was adopted in violation of the Administrative Procedure Act. On February 5, 1975, the district court, in Aluminum Co. of America, denied plaintiffs' motion for preliminary relief. However, on February 19, 1975, the district court, in A. O. Smith Corp., preliminarily enjoined FTC from taking action against plaintiffs in that action for failure to comply. The preliminary

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injunction was based upon the court's conclusions that the program should have been promulgated in conformance with the rulemaking procedures of the Administrative Procedure Act.

CONCLUSIONS

Because of the many areas of misunderstanding, lack of information, and disagreement, we limited our approval in May 1974 to the initial round of reports. The effect of this approval was to provide FTC with feedback from the respondents on their actual experience in compiling the partial data for 1973, which would be helpful in formulating the requirements for complete reporting. Now that the initial round of reports has been or will be received, it is of paramount importance that FTC use the information and knowledge it has gained to resolve those problems identified in our May report.

As we stated then, the cure to the problems is simple but difficult to put into effect. We still believe that extensive face-to-face discussions between informed representatives of FTC and business should be held--not to debate the basis for collecting the data but to resolve the dilemmas and to learn together so that the best solution to the problems can be found. FTC, however, has been and will continue to be somewhat limited in its efforts because of the current litigation aimed at quashing the reporting requirement.

Although FTC has met with a limited number of those required to compile the data, a much more concerted and constructive effort is required. Further, if the quality of data is to be improved, both the business community and FTC must increase their emphasis on finding the best solutions to the basic problems, rather than debating the need for the data.

We believe cooperation and good faith will go a long way in formulating a program which will provide the information that FTC feels it needs in a manner acceptable to those required to provide the information.

We continue to believe that it will be more costly to compile the data than FTC has estimated. In its future evaluations of the need to obtain the information in the detail prescribed, FTC should recognize much higher costs.

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We trust the information responds to your Committee's request. Please advise if we can be of further assistance.

Sincerely yours,

James P. A. Steele

Comptroller General
of the United States

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20540

B-180229

APR 18 1976

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APR 18 1976
ATTEN: CHIEF.

The Honorable George H. Mahon, Chairman
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

On March 5, 1975, we submitted our letter report to you, B-180229, concerning progress by the Federal Trade Commission (FTC) in improving its "line-of-business" (LB) report and additional improvements which we believe need to be made. In May 1974 we granted clearance for the LB report pursuant to our functions under the 1973 amendment to the so-called "Federal Reports Act," 44 U.S.C. § 3512 (Supp. III, 1973). The purpose of this letter is to clarify our view as to the authority of our Office under 44 U.S.C. § 3512.

We believe the scope of our review under 44 U.S.C. § 3512 for purposes of granting or withholding clearance of a form is limited to considerations of minimizing burden and duplication. See section 3512(b). We construe the references in section 3512 to our determinations that forms are "consistent with" that section and "appropriat[e]" for collection of the information sought, as essentially incorporating the two-pronged test of duplication and burdensomeness. Accordingly, we believe that we may withhold clearance only on the basis of unnecessary duplication or failure to minimize burden, although it is also our view that failure to grant clearance of a proposal on either ground effectively deprives the agency of the right to implement a proposal by operation of section 3512(c).

On the other hand, there is nothing to preclude our Office from considering any aspect of an information-collection proposal submitted for clearance under section 3512 from an audit perspective and offering any nonbinding comments and recommendations which we believe would enhance the quality and usefulness of the proposal. In fact, we consider such comments and recommendations in appropriate cases to be fully consistent with and in furtherance of our general audit responsibilities under section 3512 as well as other statutes. See, e.g., 31 U.S.C. § 1154 (1970). Thus we do not believe that the limited scope of our clearance authority requires us to ignore issues which arise in the

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course of a clearance review or to withhold comments and recommendations which might provide a basis for improving a proposal.

In the case of the LB proposal, our clearance review disclosed problem areas unrelated to duplication or burdensomeness, most notably the questions of the meaningfulness and reliability of data to be collected by the LB form submitted to us. We concluded that clearance of the LB form was warranted in view of the limited scope of our authority to withhold clearance, particularly the stipulation in section 3512(d) that the agency finally determine its need for information. Nevertheless, we also concluded that the data reliability problems could be resolved, or at least ameliorated, by extensive discussions between FTC and business representatives. Therefore, in our May 13, 1974, clearance letter to FTC, we recommended in part that such discussions be undertaken; limited our clearance to the initial round of reports; and stated that "approval of additional cycles by GAO will be subject to significant reduction in or elimination of the problems which make the initial data unreliable * * *." Our March 5, 1975, report to you paraphrases the language of our clearance letter.

We recognize that our May 1974 clearance letter and report on the LB form did not clearly distinguish the basis upon which we granted clearance from those aspects of the LB addressed from an audit perspective. Notwithstanding any implication to the contrary in our May 1974 letter (or any further implication which might arise by paraphrasing that letter in our March 5, 1975, report to you), we recognize that we could not deny clearance on the basis of reservations concerning the reliability of LB data in either our original clearance action or any future clearance review of the LB. However, we continue to believe that such data reliability problems are substantial, and that good faith and constructive efforts to resolve them should be pursued by FTC and business representatives. We further believe that improving the quality of LB reporting is in the best interests of all concerned.

Sincerely yours,



Comptroller General
of the United States

FUND'S FOR THE TRANSITION PERIOD

Mr. SMITH. You are requesting \$12 million for the transition period.

Mr. ENGMAN. That is correct.

Mr. SMITH. That is more than one-fourth of the annual appropriation. Why is that?

Mr. ENGMAN. The biggest factor is the annualization of the 65 new positions being requested for fiscal 1976.

Mr. SMITH. Since most of these requests have been for exactly one-fourth of the annual amount, will you insert in the record a complete breakdown at this point as to the additional positions?

[The information follows:]

INCREASES FOR TRANSITION PERIOD

New positions being requested in fiscal year 1976 are lapsed 20 percent, but during the transition period these positions are lapsed at zero percent. The cost of lowering the lapse rate during the transition period is \$77,000. Fiscal 1976 has 202 compensable days. One-fourth of this is 65½ days and there are 60 compensable days during the transition period. The cost of the extra one-half day is \$62,000. In addition, the Commission has experienced a rapid price escalation for many of the goods and services purchased such as rental of office equipment, printing and supply costs. The request for the transition provides some allowance for these inflationary increases; however, this additional amount represents no more than 1 percent of our total fiscal 1976 request.

INVESTIGATION ON CONDOMINIUMS

Mr. SMITH. Among the investigations and business activities that the FTC has been looking into, we asked about several the other day, including the one on the price spread on food. You said there were 10½ man-years allocated in the budget for that. Another one that I want to ask you about, there has been some interest in in the Congress with regard to condominiums. The House Government Operations Committee had some hearings that you are well acquainted with.

As I understand it, the Commission proceeded to a certain point and then dropped the investigation. Would you explain what happened and why it was dropped? Elaborate a bit for us.

Mr. ENGMAN. First of all, Mr. Chairman, the investigation has not been dropped at this point. For the time being there will be a substantial cutback in resources. The decision to cut-back resources on the condominium investigation was made in the context of our mid-year budget review, the logical outgrowth of our program budget system.

When we adopted the program budget, we attempted to organize our resources by programs and to make periodic assessments of our program goals and achievements. This was the first year we have done this. As part of the planning process, we instituted a mid-year review session in which the Commission took a look at where we were in February, halfway through fiscal year 1975.

Every program was reviewed at this time and changes in resource commitments were made with respect to a number of programs. One of those was the condominium program.

There was, quite frankly, a split on the Commission staff. The Bureau of Consumer Protection was in favor of maintaining a commit-

ment of 5½ man-years within that program. However, the Office of Policy Planning and Evaluation, felt that these resources might be better used elsewhere, particularly in light of the Department of Housing and Urban Development congressional mandate to complete a condominium study by August of this year.

The Office of Policy Planning and Evaluation also recommended that if the Commission were going to take any action on condominiums it should do so by trade regulation rule rather than case-by-case litigation.

If a trade regulation rule were developed, the information derived from the HUD study would be a useful basis and it would be a misuse of resources for the Commission to duplicate the HUD effort. There were a number of other arguments which were raised on both sides which are reflected in the record of the hearing before Chairman Rosenthal's subcommittee. Essentially, in view of the conflicting staff recommendations, and in view of the Commission's need to meet immediate concerns, such as the warranty rule requirements of the recently passed Magnuson-Moss FTC Improvements Act, the Commission reduced the planned level of effort for the condominium investigation.

Mr. SMITH. Did this come to a formal vote in the Commission?

Mr. ENGMAN. This was done within the framework of the budgeting process and a formal vote was taken at the conclusion, on the entire budget. The vote on the entire budget was unanimous. However, during a tentative series of expressions of reaction from the Commission with respect to individual items in the budget, the expression on this matter was 3 to 2.

Mr. SMITH. You ended up by a vote of 3 to 2—am I correct in restating this?—in adopting an approach of trade regulation rule rather than remedy?

Mr. ENGMAN. The only judgment made by the Commission at this time was to reduce our resource commitments with respect to condominiums while we monitor the HUD study. Pending receipt of that study we will reassess what would be the most appropriate action for the Commission.

MANPOWER AND FUNDS DEVOTED TO CONDOMINIUM MATTERS

Mr. SMITH. What is the manpower requirement for this approach?

Mr. ENGMAN. I think we have assigned approximately one and a half man-years.

Mr. SMITH. One and a half man-years. What would be the requirement for the other approach?

Mr. ENGMAN. It would have been something in the neighborhood of 5½ or 6 man-years.

Mr. SMITH. Translate this into dollars. What would that be?

Mr. ENGMAN. My recollection, Mr. Chairman, is something in excess of \$125,000.

Mr. SMITH. Will you refine that for the committee as to 1976?

Mr. ENGMAN. Yes.

[The information follows:]

CONDOMINIUM PROGRAM PLAN—1976

The Commissions original plan for fiscal 1976 submitted to the Office of Management and Budget envisioned the use of 9.0 man-years at a total of cost \$186,401. The Commission decision at the mid-year review reduced this to 1.1 man-years and \$32,306.

Mr. SMITH. That will be slightly different than 1975?

Mr. ENGMAN. That is right.

[The information follows:]

CONDOMINIUM PROGRAM PLAN—1975

The original plan for fiscal 1975 envisioned the use of 10.8 man-years at a total cost of \$195,827. The Commission decision at the mid-year review reduced this to 3.1 man-years and \$60,330.

ALTERNATIVE REMEDIES FOR CONDOMINIUM PURCHASERS

Mr. SMITH. Using the trade regulation rule approach then leaves those that suffered from this practice without any remedy; is that correct?

Mr. ENGMAN. That is not exactly correct to the extent there may be private remedies which are available to them. Now I have to speak in general terms here. I reflect as best I can the thinking of the Commission. There are a number of guidemarks or questions which we try to ask with respect to any number, any one of these kinds of projects, and among other questions is what class of consumers are affected? What is the nature of the expenditure? Is there relief that is available to the individual in another fashion? A whole series of those kinds of questions. Certainly with respect to some of our programs, that are mandated or there is express congressional request that we carry a certain investigation or study on and with respect to the others we attempt to ask these kinds of questions. It was in part on that basis that the Commission made the judgment. I must say there was a dispute among the staff of the Commission as to the likelihood that the Commission would be successful in seeking relief for some of these past acts and practices, but there was a debate on that question as well. This was one of those issues in which there was a lot of differing opinion and I think it is clear, at least in my judgment, I am not sure every one of my fellow Commissioners would agree with me, but in my judgment it is an area where reasonable men can differ, looking at the same factual situation, and come to a different conclusion.

BASIS FOR DECISION ON CONDOMINIUMS

Mr. SMITH. Did the majority of the Commission, the three, and I understand you were one of the three—

Mr. ENGMAN. That is correct.

Mr. SMITH [continuing]. Did you base your decision upon the improbability of successful proceedings or upon budgetary considerations?

MR. ENGMAN. My decision was based upon several factors, including the class of consumers who purchases these condominiums, the extent to which relief may be available through private sources, and more importantly, the need to shift resources to fulfill our statutory mandate under the Warranty Act.

I cannot point to any one specific instance or one specific reason. I listened to the debate. We had a multi-level exchange of memoranda among the staff and upon all of that, upon rending it and listening to it at the table, and thinking about the needs that we had in other areas, I just made a judgment.

MR. SMITH. Those questions that you raised are certainly appropriate questions to have raised.

ALTERNATIVE REMEDIES FOR CONDOMINIUM PURCHASERS

Concerning some of the others, what about alternative relief? What did you conclude would be alternative relief in this case?

MR. ENGMAN. Some of the staff argue that to the extent there may be private rights of action for recovery against these practices, they would be available through private lawsuits. These people would go on to argue if you are specifically addressing that question, that the size of the investment is such that it makes that kind of approach more feasible than perhaps in some other areas where there is a good deal less monetary involvement.

MR. SMITH. Perhaps for the record we ought to explain, although it is an oversimplified summary, what we are talking about is the practice of tying in alleged benefits into the condominium sales where the buyer does not fully realize perhaps at the time he signs the contract he is going to be obligated for numerous other expenditures on a monthly basis, other than just paying for the condominium and the taxes and the condominium fees.

In some of these instances, as I understand it, the tie-in contracts which were filed at county courthouses, and so forth, and not even given to the condominium purchasers would have permitted taking over the buyer's equity in the condominium if they failed to pay these additional fees; is that correct?

MR. ENGMAN. Well, that varies on an individual basis. I understand that Florida law to permit a certain percentage of condominium owners in a given development to reverse or change lease provisions. There are a great number of factors to this pattern. It is certainly an area in which Congress has expressed some concern, as is reflected in part by the passage last year of the Housing and Urban Development Act.

MR. SMITH. Your Commission has a very, very important mission, in my judgment. It deals in anticompetitive activities and anticompetitive activity is inflationary. Anything that is inflationary without economic benefits that are corresponding reduces purchasing power and in effect reduces jobs. At this juncture in our economic history you are in an important position, especially in those areas where there is no one else who can fill this responsibility.

My question is, again, on this: Who else can take care of this problem other than you? Does HUD have any—

Mr. ENGMAN. I would say specifically there is the possibility of action by the State of Florida. There is also the possibility of action on a private basis. Although I believe that the way the Commission voted to cut up the pie was the best use of our manpower and resources, I think the whole purpose behind the program budget approach, which we have used this year is to permit you to raise these kinds of questions. I would not for a moment deny this is an area in which reasonable men may differ. By the same token, we have to try to make a judgment based upon what we have available to us as to the most effective way of using the manpower which we do have. Obviously, we are dealing in any given year with a fixed pie.

Mr. SMITH. Although these condominiums are not all in Florida, the bulk of them are. As to those that are in Florida, are there alternative remedies for those people in Florida?

Mr. ENGMAN. Those members of the staff who recommended reduction of this program indicated there were two other approaches which could be utilized: the approach through the attorney general of Florida and the bringing of private legal actions.

Mr. SMITH. Did you consult with HUD concerning this?

Mr. ENGMAN. The Commission staff consulted with the HUD staff with respect to this program. I do not believe this specific budgetary decision was discussed with HUD.

NEED TO RESUME CONDOMINIUM INVESTIGATION

Mr. SMITH. Under the new FTC Improvements Act there is a statute of limitation that affects this kind of case; is that correct?

Mr. ENGMAN. That is correct.

Mr. SMITH. When would that statute of limitations run?

Mr. ENGMAN. That is a 3-year statute.

Mr. SMITH. It wouldn't be very much longer on some of these, would it, assuming that is a good use of our resources?

Mr. ENGMAN. That is right—assuming we could obtain relief, and it is not clear that we could.

Mr. SMITH. If you are to pursue this it ought to be done in 1976?

Mr. ENGMAN. If we were to pursue it it should be done this coming year. We obviously would welcome your advice, and the advice of this committee.

Mr. SMITH. Then would you please get us the breakdown. You said approximately four man-years. Get us the exact number of dollars that would be required so that the committee can consider whether to increase your budget.

Mr. ENGMAN. I would be happy to make available to the committee any or all the material and staff memos we provided to the Rosenthal committee.

Mr. SMITH. Very well.

I will yield at this time for questions on the condominium matter.

Mr. Flynt?

Mr. FLYNT. I have some questions, Mr. Chairman, but not on the condominium subject. I will come back to that subject later.

Mr. ALEXANDER. Stay on condominiums?

Mr. SMITH. Yes.

EFFECT OF ADDITIONAL APPROPRIATIONS ON INVESTIGATION

Mr. ALEXANDER. One further question on condominiums.

Mr. Engman, you mentioned in part that your consideration was based upon the appropriate use of the manpower that was provided to you in order to do the task that was established for you. Would additional appropriations cause you, as the Chairman of this Commission, to reverse your previous decision?

Mr. ENGMAN. That program was included in the FTC's budget when we made our request to the Office of Management and Budget last fall.

I certainly would have an open mind on the question. If our budget were expanded for the express purpose of conducting a study of condominiums, I would obviously recommend to the Commission we undertake the project with those additional resources. If our resources are not increased, and this committee indicates that we should conduct such a study by shifting other resources I would make the same recommendation.

Mr. ALEXANDER. Would I fairly represent your statement, if I say that if the committee provides the money for the investigation to continue, you would be for continuing the investigation?

Mr. ENGMAN. I would vote to continue the investigation if that was the indication of the committee. I am somewhat hesitant about saying in advance, without knowing our final budget, what recommendation I would make as to manpower levels. As far as I am concerned, the purpose of the program budget is to call to the attention of this committee and of the Congress, the way program decisions are made by the Commission and to give us the benefit of your thinking on these decisions.

Mr. ALEXANDER. Thank you very much.

Mr. SMITH. Mr. Cederberg?

LACK OF ACTION BY STATE OF FLORIDA

Mr. CEDERBERG. I suppose that I can ask this question. I had three land leases in Florida and I have one left. Frankly, I have no objection to this kind of investigation. As a matter of fact, I think it might be helpful.

However, I have to say that it seems to me the State of Florida has been a little neglectful in this whole matter. Some of these practices have been going on in the State of Florida a long, long time. Frankly, I have not seen enough action from the State and from the officials in the State who do have some authority in this area that is satisfactory. As I say, I have a land recreation lease at my property in Boca Raton, Fla., at the present time, and I am not unhappy with it. As I say, I think there are others that have had some rather unhappy experiences. It seemed to me that during the time that you are going to carry on an investigation, if you are, HUD is carrying on, by mandate, a study in this whole area, did you say, Mr. Engman, that would be due some time this summer?

Mr. ENGMAN. August of this year.

Mr. CEDERBERG. It will be very helpful to see what the study brings out.

There appear to be some of these deceptive practices. If you don't really read the fine print you wind up with some obligations that you didn't intentionally assume. As far as I am personally concerned, I think that it is not unreasonable to see what comes out of the investigation by HUD. In addition, perhaps the State of Florida, either the legislature or the attorney general, whoever it is should be admonished. Do you know of any reason why the State of Florida can't correct some practices that have occurred down there through the State legislature?

Mr. ENGMAN. I know of no reason why that couldn't be done.

Mr. CEDERBERG. I realize that you are not confining your efforts just to the State of Florida. Condominiums have been built all over the country. I think probably there is some justification at the proper time for you to take a good hard look at these practices because we want to be sure that consumers are protected who make this kind of purchase. However, I really don't find any fault with your delaying this thing until HUD completes its study.

Mr. SMITH. Mr. Andrews?

Mr. ANDREWS. Thank you.

BASIS FOR TERMINATING CONDOMINIUM INVESTIGATION

I understand, Mr. Engman, that this decision on the condominium case was made as a part of your mid-year budget review.

Mr. ENGMAN. That is correct.

Mr. ANDREWS. Was this made on the basis of what you felt was the need for the condominium investigation, or what you felt was the need for conserving the amount of available funds and staff you had?

Mr. ENGMAN. It was the latter, Congressman Andrews. I think the Commission has justifiably been criticized in the past for not doing as much priority planning as it ought to. With a programmatic approach to our budget process, we made an evaluation at mid-year as to what we should be doing for the remainder of the year.

Among other things, we had to consider our immediate obligations under the Magnuson-Moss Act. We had an immediate timetable which we had to operate against with respect to developing operating rules, proposed rules. We had to respond to the mandate and find bodies somewhere. I therefore went through this particular mission with an eye to seeing where we might pick them up.

Mr. ANDREWS. If the money had not been available there wouldn't have been the bodies in place to do both the new investigation mandated by Congress and to carry on this other?

Mr. ENGMAN. That was my judgment. That is correct.

Mr. ANDREWS. In essence, what stopped you down in Florida? Was the mandate by Congress to go in another direction?

Mr. ENGMAN. We have some 65 different programs at the Commission. In the course of the mid-year review we increased a number of them and we decreased a number of them.

The decisions reflect our judgment as to the best way to do it.

Mr. ANDREWS. Many of these were programs Congress has been urging you to do. Is that right?

Mr. ENGMAN. That is correct.

Mr. ANDREWS. The subcommittee my colleague, Mr. Smith, and I were on last year had jurisdiction of that?

Mr. ENGMAN. That is correct.

Mr. ANDREWS. I appreciate the candor of your replies. Thank you.

Mr. SMITH. At this point, Mr. Miller, we are on the condominium question. Do you have any questions on that subject?

FTC PRIORITIES

Mr. MILLER. People must accept some responsibility for their actions. I believe that those people that can afford to buy a condominium can read the contract or find someone to read it for them. I understand that the FTC has important things to do. If it is possible to accomplish the other items and still tackle the condominium question, I believe that is ideal, but the line must be drawn somewhere.

Thank you.

IMPORTANCE OF CONDOMINIUM QUESTION

Mr. SMITH. I want to say in closing on the subject of the condominium investigation that, it is like food, or energy. It is a question that is very important at this particular time. You happen to be in the right place to do something about it. That is the reason that it has come up in this way. Obviously condominiums are not just something temporary. As long as our tax laws are the way they are, people are going to want to own property, even people who don't want to mow the lawn, so they are going to buy condominiums. It is an important question.

I will now yield to other members on other questions.

Mr. Flynt?

Mr. FLYNT. Thank you, Mr. Chairman.

PROPOSED TRADE REGULATION RULING ON FOOD ADVERTISING

Mr. Engman, I want to discuss with you a subject which I understand was discussed at your last appearance before the subcommittee. On the proposed trade regulation ruling on food advertising, I think this would cover all forms of advertising, billboards, newspapers, radio, and television. If I have the correct CFR pages before me, it begins on page 39-842 and runs through 39-862, or 22 pages.

We can pretty well judge from past cost figures, whenever any proposed rulemaking procedure reaches this point, it is a fair statement to say that there is from one to two man-years involved or work involved in each page of proposed rulemaking regulations. Is that a fair statement?

Mr. ENGMAN. We have never analyzed it from that point of view.

Mr. FLYNT. We can start with that assumption. If it is not accurate we can correct it for the record.

When was this proposed rulemaking procedure on food advertising first considered by the Commission? November 1974?

Mr. ENGMAN. Yes. The activity had been ongoing for some time, however, and the staff had been in contact with the staff of the Food and Drug Administration. As you know, the Food and Drug Administration a few months ago came out with new labeling requirements in this area. Our efforts were coordinated with FDA. It was issued, I believe you are correct, in November.

Mr. FLYNT. Doesn't this proposed rulemaking transgress on the jurisdiction of the Food and Drug Administration and Federal Communications Commission?

Mr. ENGMAN. It does not.

Mr. FLYNT. They parallel each other?

Mr. ENGMAN. Food and Drug Administration deals with labeling requirements and the like. The Commission's rule relates to advertising, and in fact was prepared with the full awareness of the FDA staff.

REASON FOR PROPOSED RULING ON FOOD ADVERTISING

Mr. FLYNT. What is the background and reason for this proposed rulemaking provision?

Mr. ENGMAN. There have been a number of petitions and other statements of interest which have been filed with the Commission over the years on this subject. The document to which you referred is a reflection of differing viewpoints, not all of which are adopted by the Commission even on a proposed rule.

We felt because of the interest in this particular area that we should put all of these viewpoints on the record, let them be exposed to public scrutiny and receive comments on them. The proposed rule has two major thrusts. First to the extent that an advertiser elects to make certain kinds of claims, the rule would set forth guidelines or standards against which those claims should be measured. For example, defining what is meant by the claim that a certain food is nutritious.

The proposed rule also deals with the kind of situation that would mandate disclosure of nutritional information; for example, the amount of vitamin B₁ or riboflavin, in advertising relating to specific food products.

FOOD COMPONENTS IN THE PROPOSAL

Mr. FLYNT. There are many other food components which are just as important to sustaining life as the components that were mentioned in this particular section of the rulemaking you referred to?

Mr. ENGMAN. Yes.

Mr. FLYNT. This included protein, riboflavin, vitamin A, vitamin C, and I think you mentioned several others. I think that niacin, calcium, iron and thiamin were in the staff proposal.

REQUIREMENT FOR READING COMPONENTS IN TV COMMERCIALS

In one of the proposals, and I wish you would tell me whether it was the Commission proposal or the staff proposal, it said that in any television food advertisement running more than 30 seconds, at least 12 seconds of that time shall carry on either the audio part

or the video part—I am not sure which—a listing or a reading of those eight components without regard to other components that may be just as essential to sustaining life as these are.

Mr. ENGMAN. The basic proposal identified four of the eight components that have been used in parallel FDA proceeding. However, we expect to receive comments on this part of the proposed rule, as well as other parts. The staff proposal would have required with respect to television advertising, setting forth in most instances not all eight but the top four.

Mr. FLYNT. Did the Commission or the staff, either one, make an economic or inflation impact study before either of these were promulgated?

Mr. ENGMAN. The Commission was not convinced at the time we issued the notice of proposed rulemaking, that the staff proposal would be finally adopted in its proposed form. There was concern as to whether this information is important information, is required or needed by consumers, and whether the mandating of the disclosure in the staff proposal was an effective way of getting this information to the public.

All of those issues are related. At this point in time, the Commission has made no final determination about the proposed rule.

Mr. FLYNT. I think part of this goes to the recommended daily allowances of protein and certain vitamins and minerals?

Mr. ENGMAN. That is correct.

REASON FOR OMITTING CERTAIN FOOD COMPONENTS FROM PROPOSED RULE

Mr. FLYNT. Why were other items left out, such as carbohydrates. Sugar is a carbohydrate, of course, but others, fats, oils—why were they left out? Why weren't they included?

Mr. ENGMAN. As I said, the recommendation of the staff with respect to this grouping of items, paralleled that of FDA and the FDA requirements. But the issue is not yet determined in any final way because the Commission is currently reviewing comments from the public.

INCLUSION OF PROCESSED FRUITS IN RULE

Mr. FLYNT. Down in my State we used to grow a good many peaches.

Mr. ENGMAN. I hope you still do.

Mr. FLYNT. People in Florida grow grapefruits and other citrus fruits. Mr. Cederberg's State grows a great many cherries. Most of the advertising that is done on food products like this are done by growers associations, oftentimes cooperatives. As I read this proposed rule, they might be forbidden to say any of these are good for you. Is that correct?

Mr. ENGMAN. I understand they are not exempt.

Mr. FLYNT. If they are processed they come under the rule; am I correct?

Mr. ENGMAN. That is correct. In addition, advertising of unprocessed fruit would also be subject to the proposed rule.

Mr. FLYNT. A great many of these are processed. For instance, Mr. Cederberg's cherries are put up in cans before they are sold in stores.

Mr. ENGMAN. That certainly would be covered.

Mr. FLYNT. Peaches are frozen and canned. Grapefruit are sold both raw and canned; is that correct?

Mr. ENGMAN. Yes.

Mr. FLYNT. Since none of these contain a great deal of protein, it would almost stop them from doing any advertising, wouldn't it?

Mr. ENGMAN. I don't think it is a necessary result. I am not endorsing any particular approach at this point. Under the staff proposal to the extent that there is a great deal of vitamin C in grapefruit, presumably that would be what would be mandated to be disclosed if they were to advertise.

Mr. FLYNT. You are from Michigan as is Mr. Cederberg?

Mr. ENGMAN. I am from Michigan, too.

Mr. FLYNT. We don't want to hurt the cherry producers.

NUTRITIONISTS' VIEWS ON PROPOSED RULE

Mr. FLYNT. I think all of us want to promote nutrition every time we get a chance. Have you discussed this with anybody in-house or other nutritionists?

Mr. ENGMAN. I have discussed it with many people.

Mr. FLYNT. Let's talk about the nutritionist first.

Mr. ENGMAN. Yes.

Mr. FLYNT. Who are some of them?

Mr. ENGMAN. I have talked informally. I have been to various meetings and have given speeches on this issue, and I have talked with people such as Dr. Mayer at Harvard as well as others. I assure you when this rule was first proposed in the Federal Register last November I couldn't walk anywhere without being besieged with views both ways.

Mr. FLYNT. Is that Dr. Jean Mayer?

Mr. ENGMAN. That is correct.

Mr. FLYNT. Is he for or against this rule?

Mr. ENGMAN. I don't know if he has filed a comment on it. In terms of his general approach in this area, I would assume he would be for the concept. Whether or not he is in favor of the particular method of disclosure which the staff is suggesting is something that I frankly don't know.

Mr. FLYNT. I wonder if you would make an inquiry when you get back to the Commission offices and ask if he has not filed a subsequent communication with the Commission of which you may not be aware.

[The following information was provided:]

Dr. Mayer has not filed a formal comment in his individual capacity. He was consulted along with other nutritionists by staff in the drafting of the proposed rule and was given copies of various drafts of the proposal for his review prior to its publication in November 1974. Since publication, in his official capacity as president of the Society for Nutrition Education, Dr. Mayer has authorized the sending of a letter under his signature (copy attached) on behalf of the board of the society. One recommendation in Dr. Mayer's letter was that an "expert nutrition educator be employed by the Commission prior to preparation and enforcement of rules affecting nutrition advertising." That has been done.

[Dr. Mayer's letter follows:]

SOCIETY FOR NUTRITION EDUCATION,
Berkeley, Calif., February 5, 1975.

WILLIAM D. DIXON,

Special Assistant for Rulemaking, Federal Trade Commission, Washington, D.C.

DEAR MR. DIXON: The members of the Board of Directors of the Society for Nutrition Education wish to comment on the Federal Trade Commission's proposed trade regulation rule on food advertising published in the Federal Register, volume 39, No. 218, part II, November 11, 1974.

The Society for Nutrition Education is comprised of more than 3,000 professional nutrition educators concerned with the application of nutrition to the lives of people. The overall goal of the society is to promote good nutrition for all by making nutrition education more effective.

The board wishes to compliment the Commission on the idea and intent underlying the rule to include nutrition information in messages in food advertising. Although we believe that the Federal Trade Commission presently has adequate power to correct deceptive or false advertising, we understand that a trade regulation rule such as proposed would enable the Federal Trade Commission to move more decisively and expeditiously to halt false, unfair, or deceptive advertising. The need for expeditious action demands a scientifically defensible basis in convenient, simple and arbitrary guidelines. The consensus of the members of the Board of the Society for Nutrition Education is that the proposed rule contains so many flaws in interpretation of nutrition facts that it would make it impossible for the rule to perform its intended task. From the point of view of helping the consumer to choose a nutritious diet the proposed rule seems unworkable and counterproductive.

After studying the proposed regulations point by point, the special committee of the Society for Nutrition Education Board concludes that modifying specific details of the rule would not rectify the flaws in the basic rule. We plan to formulate and submit for the Federal Trade Commission consideration scientifically defensible criteria for fair and effective nutrition advertising. We acknowledge gratefully that the Commission has voted to receive comments beyond the original February 5 deadline.

We strongly urge that an expert nutrition educator be employed by the Commission prior to preparation and enforcement of rules affecting nutrition advertising. Without the nutrition resource person as a key person in formulating regulations any new guidelines are apt to have the same flaws as presently exist.

Sincerely,

JEAN MAYER, Ph. D., Sc. D.,
President.

Mr. ENGMAN. The point at which the Commission will take up the matter again, I, of course, will be aware of all of those communications which are filed in the proceeding. Prior to that time, I make it a practice not to interfere with the process.

Mr. FLYNT. I assume that Dr. Mayer still has a very high standing among nutrition experts?

Mr. ENGMAN. There are two nutritionists at Harvard, Dr. Stare and Dr. Mayer, who apparently have differing views on the need for this information. I want to emphasize that one can agree with the need for the information and still argue about the method of communication.

Mr. FLYNT. Have you replaced your staff nutritionist who died last year?

Mr. ENGMAN. Yes. Arlene A. Howard has been serving as a permanent consulting staff nutritionist since May 19, 1975.

Mr. FLYNT. Would you supply for the record the names of some of the people who have submitted written or other comments on this subject?

[The following information was provided:]

As you are aware, the rulemaking proceeding was interrupted because of passage of the Magnuson-Moss FTC Improvement Act. Until republication of the proposed food advertising rule on May 28, 1975 no formal cutoff date for the submission of written comments had been imposed. (The original February 5, 1975 cutoff date was extended by the Commission after passage of the act pending republication.) Consequently, the staff has not received a great many substantive comments of experts from whom it expects to hear during approximately the next 60 days. Nevertheless, hundreds of comments have already been received and placed on the public record from consumers, Members of Congress, industry, academia, the scientific community, educators and other Government agencies. Rather than select just a few comments which may or may not reflect the substance or general disposition of others which have been filed with respect to the same or other sections of the proposed rule, it would seem fairer and more economical to refer you to the comprehensive listings of received comments which themselves have been submitted for insertion into the public record in connection with the rulemaking. Major industry representatives have not yet submitted their comments on the proposed rule.

Mr. ENGMAN. The proceeding was interrupted because of the passage of the Magnuson-Moss FTC Improvement Act which dealt among other things with rulemaking procedures. It applied to anything that was not substantially completed. Consequently, when the new act came down we had to republish the proposed rules and put them out for public comments.

COMPLAINTS ON MISLEADING FOOD ADVERTISING

Mr. FLYNT. Have formal complaints been received by the Commission with regard to any claims that food advertising has been deceptive or misleading in this particular regard?

Mr. ENGMAN. With respect to nutrition?

Mr. FLYNT. Yes.

Mr. ENGMAN. Yes. There are concerns and petitions that have been filed with the Commission.

Mr. FLYNT. For the record, give us some idea as to those petitions and complaints.

[The information following was submitted:]

The Commission was formally petitioned by the Center for Science in the Public Interest (CSPI) to require the disclosure of added sugar in advertised foods. A similar petition was filed by Action for Children's Television (ACT) calling for regulatory action regarding foods (especially those with added sugar) advertised to children. Sometime ago CSPI also filed another petition calling for certain ingredient disclosures for advertised foods.

In response to complaints relating to the advertising of foods the Commission has for some years undertaken extensive adjudicative efforts in an attempt to remedy deceptive or unfair advertising by some food manufacturers. In past years the Commission has litigated many cases involving allegedly false or unfair advertising for foods and within the past 4 years has issued approximately 20 consent orders requiring food advertisers to cease and desist from the dissemination of certain misleading nutrition claims.

JURISDICTION WITH FDA OVER FOOD ADVERTISING

Mr. FLYNT. Do you think that you have concurrent jurisdiction over this subject with the FDA?

Mr. ENGMAN. No. Not really concurrent jurisdiction. We have jurisdiction which meets. Our jurisdiction relates only to the advertising and they do not have jurisdiction over that matter.

EFFECT OF PROPOSED RULES IN GRAPEFRUIT ADVERTISING

Mr. FLYNT. I go back to grapefruit that I discussed a while ago. Would a processor of grapefruit juice be prohibited from saying, "Drink grapefruit juice, it is good for you" under either or both of the proposals which appeared in the Federal Register which I referred to?

Mr. ENGMAN. As I recall under the proposal, by saying "it is good for you," there would be certain guidelines to be followed but I don't recall them with specificity. As I indicated before, we are not locked in at this point.

Mr. FLYNT. If either or both of these proposals should go into effect, and if protein would be one of the things that would be required before anything could be considered to be nutritious, would advertisers be in violation if they said, "We have a good product and it is good for you" notwithstanding the fact that it didn't contain any protein, even though it might be a ready source of vitamin A or C?

Mr. ENGMAN. They would not be prohibited from advertising that fact if the proposal as currently drafted is finally adopted.

Mr. FLYNT. It would be nutritious and good for them?

Mr. ENGMAN. Under the proposal they would not be prohibited from advertising the particular qualities of the product.

EFFECT OF PROPOSED RULE ON CONSUMERS

Mr. FLYNT. Do you see any consequence to the consuming public which would be adverse if this type of advertising, which is now permissible but which might be prohibited under either or both of these proposed rules should go into effect?

Mr. ENGMAN. I think that is one of the questions that we will want to deal with when we see the record and the comments which have come in, presumably, including your constituents who process grapefruit. Those are the kinds of questions that the Commission is going to have to address.

Mr. FLYNT. My constituents process peaches, not grapefruit.

Mr. ENGMAN. All right. That is the kind of judgment that I don't want to make at this point prior to listening to what happens, and reviewing the comments which are filed. If I had my mind locked in concrete, I wouldn't be a fair judge of whatever happens to be introduced into the record.

NEED FOR ECONOMIC IMPACT STUDY OF PROPOSED RULE

Mr. FLYNT. Do you propose to make an economic or inflationary impact study?

Mr. ENGMAN. It would be important at the time the Commission takes final action to make an assessment of what benefits are likely to flow from the rule, quantify them to the extent we can, and measure them against the costs.

That, in a general sense, is the procedure which ought to be followed across the board in any event. There may be some instances in which, because of law enforcement violations or deterrent impact, those kinds of considerations may be less important.

Mr. FLYNT. Would you agree this study should be made before any finalizing of such regulations? In other words, if you wait until you finalize the regulations to make an impact study it wouldn't do any good?

Mr. ENGMAN. There is no final regulation out at this point.

Mr. FLYNT. Thank you.

Mr. SMITH. Mr. Alexander.

Mr. ALEXANDER. Thank you very much, Mr. Chairman.

RELIANCE ON FDA

Mr. Flynt has done an excellent job in covering the subject and I won't belabor it, but I would simply add as a former member of the Government Operations Committee that investigated the performance and nonperformance of the FDA, I would caution you and your staff not to place absolute authority on that agency. As a candidate for Congress, I hope that your regulations don't overcomplicate the 30-second spot.

Mr. ENGMAN. I believe that we ought to give other departments or agencies of the Federal Government, a presumption of accuracy, but I don't believe we can abdicate the statutory responsibility for enforcement we have from the Congress.

Mr. ALEXANDER. I would not share that same position as a Member of Congress. I don't have a presumption of accuracy rule in my office. That is based upon four years of experience with the FDA.

FTC POWERS UNDER ACT OF 1914

Mr. Chairman, under the Federal Trade Commission Act of 1914, the FTC is empowered to investigate and enjoin unfair methods of competition in commerce. I believe it is widely agreed that this language is broader than the prohibitions spelled out in the Sherman-Clayton Act. Is that correct?

Mr. ENGMAN. That is correct.

Mr. ALEXANDER. On May 15, 1974, I forwarded a letter to your Commission, a copy of which I have here, and I will read it:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 15, 1974.

Mr. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: During the last several months a serious shortage of petrochemical fertilizers used in agricultural production has developed nationwide. This shortage will result in lower food and fiber production, a loss of income to farmers and an increase in consumer prices.

Sufficiently strong allegations of intentional misrepresentation and supply manipulation have been made to prompt me to request an investigation by the

FTC of possible violation of antitrust laws. I enclose herewith a carbon copy of a letter which is representative of a case in point.

Thanking you for your cooperation and looking forward to your report, I am
Sincerely yours, —

BILL ALEXANDER,
Member of Congress.

Enclosure.

Mr. Chairman, I would like to include a copy of a constituent's letter, together with a copy of the responses from the Federal Trade Commission at this point in the record.

Mr. SMITH. Without objection.

[The information follows:]

PROCTOR, ARK., April 8, 1974.

Hon. BILL ALEXANDER,
*U.S. Representative, House Office Building,
Washington, D.C.*

DEAR BILL: I am soliciting your help with a very serious and acute problem of obtaining necessary chemicals used in weed and grass control in all types of farming. These chemicals are used mainly in our area for production of cotton and soybeans. I personally have searched in Texas, Mississippi, Tennessee, and Missouri for these chemicals with no avail, and now know this is not only a local problem.

This problem is not only going to lower farm production and income, but will sharply raise the cost of living of all U.S. families. Without the chemicals, the unprotected crop yields will drop as much as 60 percent. Recent history has shown us the only way to keep prices down is maintain a good supply and high production. Therefore, without our necessary chemicals, every individual in the United States is going to receive the effects by the skyrocketing prices at the stores.

The two proven successful chemicals we have been using and depending on for our weed and grass control for 90 percent of our soybean acreage and most of our cotton acreage is Treflan made by Elanco, which supplies 75 percent of these needs, and Planavin made by Shell, which supplies approximately 20 percent of our needs.

At the present time, all of the dealers and distributors supplying these chemicals are out. The farmers in this area have in their possession only 10 to 20 percent of their needs either already incorporated or in farm storage.

It seems to me, to other farmers and to chemical dealers in our area that these two major companies have deliberately withheld or cut production to create a shortage now to obtain higher prices later. Even if you can't prove our fears of this intentional shortage, I would appreciate your fast and firm action against them for deliberately withholding information of this shortage from their chemical distributors and the farmers. If farmers and dealers had known about the shortage, they could have bought and stored other chemicals that could have been substituted, but all dealers were informed by Elanco that they would receive all the Treflan they normally received on schedule. As you can readily tell by the empty warehouses and screaming farmers, this is entirely false.

It seems Elanco deliberately misinformed the public until too late to keep competitor chemical companies from making extra chemicals for the market they didn't normally sell.

Any assistance you can give us to alleviate this problem and urge chemical manufacturers to inform the farmers of the availability of their products in time for chemical dealers and farmers to procure a suitable substitute, would be very greatly appreciated. There should be some action taken against manufacturers that deliberately misinform their dealers of availability of their products.

Thanks again for any attention you can give us concerning this problem.

Your very good friend and constituent,

JOE E. LOONEY.

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

OFFICE OF THE SECRETARY

May 21, 1974

Honorable Bill Alexander
House of Representatives
Washington, D. C. 20515

Re: Corres. No. 087736
Mr. Joe E. Looney

Dear Congressman Alexander:

Chairman Engman has received your communication on the above matter.

We will furnish you with a report as promptly as possible.

With best wishes,

Chas. A. Tolson
SECRETARY

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF COMPETITION

JUN 20 1974

Honorable Bill Alexander
House of Representatives
Washington, D. C. 20515

Re: Corres. No. 87736.

Dear Congressman Alexander:

This reply is in response to your letter of May 15, 1974 which enclosed correspondence from your constituent, Mr. Joe Looney. Mr. Looney described his inability to obtain sufficient supplies of the chemicals Treflan and Planavin used in weed and grass control.

Traditional antitrust concepts provide little or nothing in the way of remedy for the numerous independent businessmen faced with supply shortages similar to those of your constituent. The right of businessmen to select their own customers in bona fide transactions and not in restraint of trade is acknowledged under the antitrust laws. A corollary of this right would permit a businessman to restrict sales as to quantity and to sell to customers such quantities as he might see fit so long as no unlawful restraint of trade nor an attempt to monopolize were involved. This traditional reach of antitrust law notwithstanding, the possibility of undesirable restructuring of markets as a potential result of supplier reaction to shortage situations is a matter that seriously concerns us.

For some time the staff has been studying complaints of reported refusals to deal and alleged discriminatory allocations in connection with nationwide shortages in various industries to determine whether some form of action under Section 5 of the Federal Trade Commission Act might be possible and warranted. Although the latitude of Section 5 of the Federal Trade Commission Act is considerably broader than that of traditional antitrust law, there is a continuing requirement that this section be administered consistently with the precepts of traditional antitrust law, including those mentioned above. It is essential that the opportunities provided under Section 5 be harmonized in the general public interest with the mandates of established antitrust principles.

BILL
WASHIN

A: MINEO

ACKNOWLEDGED

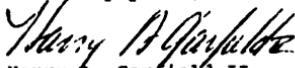
Honorable Bill Alexander

-2-

An imprudent tampering with the free market mechanism could create more problems than it solved. Hopefully the removal of price controls will allow a freely operating competitive economy to correct the temporary imbalances which contributed to shortages and to channel sufficient supplies of raw materials to areas of need. The staff presently is maintaining a careful surveillance to ascertain the extent to which removal of price controls is remedying materials shortage problems.

We are deeply concerned with your constituent's plight and with the survival of small independent firms whose sources of supply have been or are likely to be cut off. Your efforts in bringing this matter to our attention are appreciated, and your constituent's complaint is being added to our file for further study. At this time, however, I am constrained to advise that no affirmative investigative or enforcement action on this complaint is presently contemplated.

Sincerely yours,



Harry A. Garfield II
Assistant Director for
Evaluation
Bureau of Competition

REQUEST FOR INVESTIGATION OF FERTILIZER SUPPLIES AND PRICES

MR. ALEXANDER. Mr. Chairman, this request for an investigation of the supply and price squeeze in the retail fertilizers market experienced by farmers followed the lifting of Government price controls in October of 1973. Your letter to me, which was executed by Mr. Harry Garfield dated June 20, 1974, was in essence a polite denial of my request for an investigation. Later Mr. Garfield first noted the inability of the antitrust concept to regulate the allocation by wholesalers to retailers during times of supply shortage. I noticed in the Washington Post on May 3, 1975 that the Justice Department had undertaken a grand jury investigation to probe fertilizer price rises. This was a subject of my request of the Federal Trade Commission. I note that in your letter back to me the answer did not deal with (1) the possibility of collusion by manufacturers to restrict production; (2) of collusion by wholesalers to restrict distribution; (3) with improper market collusion; (4) with improper territorial and customer restraints on resale; or (5) any other established antitrust violation.

I have a series of questions that I would like to ask you concerning the requests that I made which was denied.

1. What sort of an investigation do you, as chairman, and your Commission routinely undertake as a result of a letter requesting an investigation from a Member of Congress?

MR. ENGMAN. We would certainly attempt to answer every letter. There is a judgment made at the staff level as to whether, and how large an investigation ought to be carried on. Obviously, it is hard to generalize because there are some matters which are more easily disposed of than others.

MR. ALEXANDER. Let's assume that you decide to investigate rather than not to investigate. In that case who would decide the scope of that investigation?

MR. ENGMAN. Within the Bureau of Competition we have an evaluation committee which consists of both the economists and lawyers. This committee reviews any proposed antitrust investigation. Before we expended significant resources we would check with the Department of Justice, just as they do with us, to prevent a duplication of effort.

MR. ALEXANDER. In this instance?

MR. ENGMAN. Those decisions would be made at a staff level within the Bureau of Competition in this particular instance.

MR. ALEXANDER. In this instance where you had a 65 percent price rise in some kinds of fertilizers in less than five months, was any investigation of the fertilizer market in fact undertaken by FTC?

MR. ENGMAN. There was some exploration of that market. I would remind you, without saying that the decision was right or wrong, that there are at least three factors present which could account for substantial increases, apart from any possible collusive activity. First of all, you mentioned the price control program—this would have effected the price. There could be a buildup of a problem. For example, it was the staff's assessment that, in the area of fertilizers part of the problem

was caused by a shortage of production facilities for essential ingredients.

Fertilizer is a petroleum derivative and we know what has been happening with respect to petroleum supplies and prices during the past few months. It was the judgment of the staff that the matter did not warrant further investigation at that time. I cannot say whether this decision was right or wrong.

JUSTICE DEPARTMENT INVESTIGATION OF FERTILIZER PRICES

Mr. ALEXANDER. Does it strike you as a little unusual that the Justice Department is conducting an investigation of these matters and under the Clayton and Sherman Acts, which jurisdiction is more restricted and more narrow than the jurisdiction of the Federal Trade Commission?

Mr. ENGMAN. With one exception, Congressman; the use of a grand jury implies there may be criminal activity. That is an area over which we have no jurisdiction, and if those kinds of allegations were made or we were aware of them, we probably would have referred to the Department of Justice.

FACTORS NECESSARY FOR FTC INVESTIGATION

Mr. ALEXANDER. What sort of market behavior is required before the Commission believes that an investigation is warranted?

Mr. ENGMAN. One has to look at that on a case-by-case basis. When the Commission institutes a major investigation or a complaint, we have to make our best judgment based upon the information available which are within that particular industry.

I remind you there were at least some factors present here, particularly with respect to price controls which could give someone cause to believe that the problems were as much governmentally created as anything else.

Mr. ALEXANDER. It still strikes me as inconsistent with your responsibility that this situation has had to fall into the hands of the Department of Justice in order to see that the full investigation was undertaken. Admittedly we don't know whether or not there are any criminal acts involved, but certainly if the Justice Department is warranted to take the action that it has taken it would occur to me that the Federal Trade Commission was somewhat derelict in its responsibility for not at least going into the matter sufficiently far enough to make a full report.

You admitted to numerous people who had cited this possibility to you as a possible violation of the law.

Mr. ENGMAN. I can only say we make our best judgment and the staff makes its best judgment. It is part of our democratic process that there will be people who disagree with those judgments. I respect your concern and I can understand it. I would reiterate, however, if we had been aware of information relating to criminal violations, that matter would have been referred to the Department of Justice.

Mr. ALEXANDER. Upon reading the material which I have inserted in the record, it would seem to me a sufficient allegation to warrant a

more in-depth investigation by the Federal Trade Commission. It bothers me as a member of this committee that this is an example of the type of investigation that I have observed. It is not a fulfillment of your responsibility and the charge made to you.

Mr. ENGMAN. We would not duplicate an investigation or activity going on in the Department of Justice. That is the whole purpose, we feel we both have enough to do and if they did have activity underway, and it is possible that may have been another reason that the matter was not pursued—I don't know whether it was or not, quite frankly, but in fact they would not have cleared it with us and we would not have taken—

Mr. ALEXANDER. None of these reasons which you expressed are stated in the reply by Mr. Garfield.

Mr. ENGMAN. In my personal opinion, Congressman, the basic problem, at that time was the damage which the price control system did to the marketplace in this particular segment of our economy.

Mr. ALEXANDER. Mr. Engman, is it possible that the Commission has looked further into this problem since June 20, 1974, and may have additional information on the subject, separate and apart from any possible criminal violations which are being explored by the Department of Justice, which the Commission could make available to me?

Mr. ENGMAN. Congressman, we do not have enough resources to attempt to duplicate areas in which the Department of Justice is involved, and vice versa.

Mr. ALEXANDER. You just said—

Mr. ENGMAN. If in fact there were a criminal investigation underway at the Department of Justice, we would not have publicly stated that, because it is up to the Department to make that announcement.

Mr. ALEXANDER. I don't know that?

Mr. ENGMAN. I will attempt to find that out. I have indicated, however, that there were a number of other factors which would have raised questions in my mind as to whether that was the most viable area at that time for us to expend substantial resources.

Mr. ALEXANDER. Mr. Chairman, I would think that this would be a very good case that the committee would look to as a basis for determining the diligence and the determination of the Federal Trade Commission to fulfill its responsibilities.

Mr. ENGMAN. I think that is exactly what this committee should do, Congressman. In fact, I would urge this committee to weigh every one of our antitrust programs against those kinds of standards and if you would like us to change our approach to given areas we would be interested in your views.

Mr. ALEXANDER. Before I reach any conclusion, Mr. Chairman, I would like to find out what you actually did on this particular request.

Mr. ENGMAN. As I advised you, I will check into that and make the information available.

Mr. ALEXANDER. Would you make the report available to me so I can make it to this committee?

Mr. ENGMAN. I will do that.

[The information follows:]

FEDERAL TRADE COMMISSION,
Washington, D.C., June 20, 1974.

Re: Corres. No. 87736.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ALEXANDER: This reply is in response to your letter of May 15, 1974, which enclosed correspondence from your constituent, Mr. Joe Looney. Mr. Looney described his inability to obtain sufficient supplies of the chemicals Treslan and Planavin used in weed and grass control.

Traditional antitrust concepts provide little or nothing in the way of remedy for the numerous independent businessmen faced with supply shortages similar to those of your constituent. The right of businessmen to select their own customers in bona fide transactions and not in restraint of trade is acknowledged under the antitrust laws. A corollary of this right would permit a businessman to restrict sales as to quantity and to sell to customers such quantities as he might see fit so long as no unlawful restraint of trade nor an attempt to monopolize were involved. This traditional reach of antitrust law notwithstanding, the possibility of undesirable restructuring of markets as a potential result of supplier reaction to shortage situations is a matter that seriously concerns us.

For some time staff has been studying complaints of reported refusals to deal and alleged discriminatory allocations in connection with nationwide shortages in various industries to determine whether some form of action under section 5 of the Federal Trade Commission Act might be possible and warranted. Although the latitude of section 5 of the Federal Trade Commission Act is considerably broader than that of traditional antitrust law, there is a continuing requirement that this section be administered consistently with the precepts of traditional antitrust law, including those mentioned above. It is essential that the opportunities provided under section 5 be harmonized in the general public interest with the mandates of established antitrust principles.

An imprudent tampering with the free market mechanism could create more problems than it solved. Hopefully, the removal of price controls will allow a freely operating competitive economy to correct the temporary imbalances which contributed to shortages and to channel sufficient supplies of raw materials to areas of need. The staff presently is maintaining a careful surveillance to ascertain the extent to which removal of price controls is remedying materials shortage problems.

We are deeply concerned with your constituent's plight and with the survival of small independent firms whose sources of supply have been or are likely to be cut off. Your efforts in bringing this matter to our attention are appreciated, and your constituent's complaint is being added to our file for further study. At this time, however, I am constrained to advise that no affirmative investigative or enforcement action on this complaint is presently contemplated.

Sincerely yours,

HARRY A. GARFIELD II,
Assistant Director for Evaluation,
Bureau of Competition.

[Post--Saturday, May 3, 1975]

U.S. SUBPOENAS PRODUCERS', BROKERS' RECORDS—JUSTICE PROBES FERTILIZER PRICE RISES

(By Dan Morgan)

The Justice Department has launched a sweeping investigation of the U.S. fertilizer industry to determine if antitrust laws were violated in the rapid price rise that occurred after the Government lifted price controls in October 1973.

A Federal grand jury in Chicago has subpoenaed records from around the world of more than 50 fertilizer producers and international brokers. The records include documents relating to their contacts with three overseas groups that dominate markets or set prices abroad.

Federal officials said company executives may be called to testify soon.

Deputy Assistant Attorney General Keith L. Clearwaters said the Government is interested in any agreements that could have had the effect raising domestic prices. He said such agreements would include price collusion, dividing markets, limiting U.S. imports, and voluntarily cutting back production.

Since controls were lifted in October 1973, the domestic price of some fertilizers has quadrupled. The high price is a major concern of farmers and one of the main expenses in agriculture today. Some farmers say they plan to use less fertilizer this spring as an economy move, even though this means they will produce less food.

Farmers complained bitterly last year of sudden fertilizer shortages. They asserted that some dealers had forced them to purchase expensive foreign fertilizer claiming that no domestic product was available.

Farmers say prices remain high this spring despite the fact that supplies appear to be more ample than a year ago. Fertilizer industry officials respond that supplies of nitrogen, a fertilizer component, remain very tight.

In its investigation, the Government has demanded all records pertaining to the American companies' contacts with the Moroccan state phosphate trust, the European nitrogen producers' cartel, and the Saskatchewan Canadian Potash Board.

Virtually all major U.S. producers of phosphate, nitrogen, and potash except for farmer-owned cooperatives have been ordered to produce records. The cooperatives account for about one-third of the country's annual nitrogen output, but do not export.

Companies that have been asked to provide documents to the grand jury include the International Minerals and Chemical Corp. of Chicago. Several trade associations, fertilizer brokerage houses, and such giant nitrogen producers as Agricor and W. R. Grace also have been subpoenaed.

An IMC spokesman said the company had no reason to believe it had violated any antitrust laws. Officials of several other firms said they had no idea what the Government was alleging. No charges have been brought, and Federal officials refused to give details of the inquiry, except to say it began with "complaints."

Clearwaters said the focus was "price and output behavior occurring after price controls were lifted." However, the potash subpoenas seek information dating from January 1, 1968, and the phosphate and nitrogen inquiries go back to 1969.

The foreign organizations that were subpoenaed are the Office Cherifien des Phosphate of Morocco; Nitrex AG, a nitrogen producers' cartel made up of companies from nine European countries; and Saskatchewan's Potash Conservation Board.

Morocco is the world's third-largest phosphate rock producer after the United States and the Soviet Union, and is the largest exporter.

In January 1974, Morocco tripled the price of its exported rock, from \$14 to \$42 a metric ton. U.S. exporters quickly more than doubled their export price, from \$18 to \$27.50 a ton.

Meanwhile, the domestic price of phosphate rock for American farmers rose from \$26.50 a ton in April 1973, to \$52.10 a ton this month.

The Saskatchewan Provincial Government has limited the output of potash and has set floor prices since 1970. Until then, producers including U.S. subsidiaries operating in Canada complained that the price was so low they could not make money.

Canada fills about two-thirds of the U.S. potash needs. The effect of the floor price and the conservation program was to raise prices in the United States.

The post-1973 period saw further increases in potash prices here. Between April 1973, and now the price to American farmers has risen from \$61.50 to \$102 a ton.

The most dramatic increases were in the prices American farmers paid for anhydrous ammonia, the basic fertilizer for the U.S. corn crop. The ammonia rose from \$87.00 a ton in 1973 to the current \$265 a ton.

World nitrogen trade is volatile and complex. The world price of nitrogen fertilizer products, such as urea, has been well above the U.S. price for months. Rumors that brokers and fertilizer companies reaped speculative profits by shifting nitrogen to take advantage of price spreads have circulated for a long time.

Mr. SMITH. Mr. Early.

Mr. EARLY. Thank you, Mr. Chairman.

USE OF CENTRAL OFFICE ATTORNEYS IN REGIONS

Mr. Chairman, with regard to use of travel fund in the investigative staff report, apparently it is the Commission's policy to use attorneys from the General Counsel's Office to handle regional office matters in Federal courts. The General Counsel's Office records show that during the past 16 months more than \$19,000 has been spent for court-related travel on regional matters. Who represents the FTC in Federal court appearances around the Nation?

Mr. ENGMAN. All appearances before courts are coordinated by the General Counsel's Office. Those instances do not relate only to regional officer matters. They are across the board. If there is a decision of the Commission on a case which is appealed, say, to the seventh circuit or the ninth circuit, the General Counsel, who is the Commission's lawyer, must defend the Commission on appeal.

Mr. EARLY. The regional office provides the counsel?

Mr. ENGMAN. Not if a decision of the Commission is appealed by the respondent company to, for example, the sixth circuit. That is the responsibility of the General Counsel.

Mr. EARLY. This report implies that the General Counsel's Office attorneys were sent from Washington to represent the FTC on regional matters.

Mr. ENGMAN. There are occasionally situations where that is done. We have been attempting to use regional office personnel to a much greater extent in these matters than we have done before, particularly with respect to new authority which the Congress has given us.

Mr. EARLY. You mentioned earlier that because of your understaffing that you had to cancel other investigations, you had to put a priority on what investigations were made. Yet, apparently you don't have confidence in your regional office to handle cases in court?

Mr. ENGMAN. In my judgment we have to make the best possible utilization of manpower. If there is a case or precedent which is of great importance to the development of the law with respect to the Commission, it is important in my judgment as a former attorney that at least there be one office with ultimate responsibility.

Mr. EARLY. Would that be the head of the regional office?

Mr. ENGMAN. I think that the Commission should be able to point its finger at one individual and one staff. That individual may make a judgment that in certain kinds of situations the matter can be handled by people elsewhere.

Mr. EARLY. If you send an attorney from the central office and he represents the regional authority, whom would you hold responsible? I am sure that the gentleman you send blames the regional office.

Mr. ENGMAN. We have moved to a much greater extent in the direction which you are indicating you agree with. By the same token, to maintain any kind of responsibility to the Congress for a coordinated legal program, we need to have somebody who has some centralized responsibility.

From the Commission's point of view it is essential. That does not mean that a regional director will always agree with that point of view.

Mr. EARLY. Regarding this report, you seem to have centralization and decentralization. You want the best of both worlds. Do you think

in the period this report covers there was too much of a tendency to send attorneys from your office to the regional offices?

Mr. ENGMAN. With respect to this issue I cannot think of any decision I have made that I would have made differently during the 2 years I have been at the Commission.

Mr. EARLY. You have been right all of the time?

Mr. ENGMAN. On this issue, I think that the whole record would indicate that there has been much more regional office involvement than in the past.

But, I maintain that when we are seeking that first preliminary injunction before a district court judge and it is important that the case law develops in a way which is consistent with what we think the Congress intended. The best way to control that kind of situation is to have one person responsible.

Mr. EARLY. I think we have to have one man responsible, and that is you. I don't know what view you are advocating, centralization or decentralization, but I am an opponent of the regional offices deciding it.

Mr. ENGMAN. So am I. I agree we ought to move and give more responsibility as rapidly as we can. I also believe that when we have matters which affect the very basis of the Commission's ability to proceed in the public interest, we have to maintain some control. After all, the five of us who are appointed and confirmed have to bear final responsibility.

Mr. EARLY. When you say that, Mr. Chairman, aren't you saying that the five Commissioners make a decision and then you call in counsel from your central office and explain your opinion or give him a memorandum and send him out?

Couldn't you just send out the memorandum of the opinions to the regional offices? I would think that way, if you are not satisfied with the result, then you change the personnel in the regional office.

Mr. ENGMAN. This is an area on which reasonable men can disagree.

TRAVEL REQUEST FOR GENERAL COUNSEL'S OFFICE

Mr. EARLY. Justify for me, Mr. Chairman, on travel, you are requesting a 50-percent increase from \$1,038,000 to \$1,593,000. How much of that is to send somebody from your office to the regional offices?

Mr. ENGMAN. One of the recommendations of that report, as a matter of fact, was that there should be more travel of bureau directors and members of the Commission from Washington to the regional offices. However, it is not specifically broken down that way.

Mr. McNAMAR. The total travel budget for the General Counsel's Office this past year was \$23,750.

Mr. EARLY. 1975?

Mr. McNAMAR. That is for 1975.

Mr. EARLY. What did you project for 1976? What did you request for 1976?

Mr. McNAMAR. The total travel request for the General Counsel's office for 1976 is \$27,220. This is less than 2 percent of the Commission's total request, and should put in perspective the criticisms made in the House appropriations' survey report about the amount of travel the

General Counsel's Office does on Bureau or Regional Office matters. The largest proportion of the General Counsel's travel relates to appeals from final Commission decisions to the Federal courts.

INCREASE REQUESTED FOR TRAVEL COSTS

Mr. EARLY. Can you tell us what makes up the major part of the \$555,000 increase?

Mr. ENGMAN. It covers the cases in which administrative law judges and counsel have to travel.

Mr. EARLY. Is it travel within the region?

Mr. ENGMAN. It is across the whole country. There may be hearings on a particular major piece of litigation in cities from the east coast to the west coast.

RECRUITING OF LAW SCHOOL SENIORS

Mr. EARLY. Along the same line, with regard to expenses, the investigation found between October 1973 and November 1974 over \$12,000 was spent recruiting law school seniors. This could have been handled by regional directors or members of their staff. Evidently it appears it was done by the central office here. Who recruits law school seniors for the FTC?

Mr. ENGMAN. Everyone does.

Mr. EARLY. I am not questioning the expenditure.

Mr. ENGMAN. A number of law schools are visited by personnel from the regional offices and a number of them are visited by personnel from the headquarters office, including, I might add, myself on several occasions.

Mr. EARLY. The investigative staff found that during the school year 1973-1974, 26 headquarters personnel visited 21 law schools.

Mr. ENGMAN. That undoubtedly is correct; yes, sir.

Mr. EARLY. Did representatives of headquarters and the regional offices both visit schools?

Mr. ENGMAN. We visited many more law schools than 21. I presume we visited 40 law schools or more.

Mr. EARLY. According to this report, headquarters visited 26 law schools.

Mr. ENGMAN. There are other law schools that have been visited by regional office personnel only, without headquarters. The whole recruiting effort is an integrated effort to obtain the best possible personnel.

Mr. EARLY. I would think, Mr. Chairman, that would be a case where the regional office would probably give a better recommendation to the senior, more familiar with the local problems, more familiar with—

Mr. ENGMAN. The only increase in number of personnel has been in Washington, D.C.

Mr. EARLY. In your request for 1976?

Mr. ENGMAN. Yes.

Mr. EARLY. Therefore you accept your present recruiting methods as the right way to go?

Mr. ENGMAN. That judgment was concurred in by the Appropriations Committee for the last couple of years.

DECENTRALIZATION OF FTC STAFF

Mr. EARLY. I thought you said in your earlier statement that you would support decentralization?

Mr. ENGMAN. I do support that concept. The question is, how do we best make use of those resources? I think one of our concerns in the past has been that the regional offices have handled too many matters of lesser magnitude. We have been attempting to move toward a greater percentage of antitrust enforcement in the regional offices.

Mr. EARLY. How many employees do you have?

Mr. ENGMAN. We have roughly 1,600 employees. Of those, roughly 420 are in the regional offices.

Mr. EARLY. Seventy-five percent are here in Washington?

Mr. ENGMAN. That is correct.

Mr. EARLY. Is that supportive of decentralization?

Mr. ENGMAN. We have to get a balance at some point. To the extent we have a large case such as *Exxon et al.*, in which we are suing the eight largest petroleum companies, that kind of litigation can only be handled with the resources which the headquarters staff has at its disposal, such as economists. Those kinds of cases have taken an increasingly large segment of our manpower during the last couple of years.

FISCAL YEAR 1976 INCREASE FOR STENOGRAPHIC REPORTING SERVICES

Mr. EARLY. With regard to stenographic reporting services, this report questions the direction with regard to that. According to your budget justification you are requesting \$811,000 for stenographic reporting services for 1976. How do you justify roughly a \$400,000 increase?

Mr. ENGMAN. We have been underfunded with respect to our stenographic needs. This is our best judgment as to what is required under a period of increasing costs. We have taken internal action at the Commission during the past year to reduce our costs but the total cost keeps going up. There is a recommendation that perhaps we ought to decentralize court reporters which the Executive Director will examine. At the present time we have attempted where we can to reduce our costs, and we are still faced with increasing needs.

Mr. EARLY. Do you still have a contract with the Alderson Reporting Co.?

Mr. ENGMAN. Yes.

Mr. EARLY. Have they projected a price increase during fiscal year 1976? If so, how much?

Mr. ENGMAN. We have not signed any contract for 1976.

Mr. EARLY. Of your request for \$811,000, was any of that set aside for the Alderson Reporting Company?

Mr. ENGMAN. I assume it is basically all.

Mr. EARLY. They are roughly getting \$400,000?

Mr. ENGMAN. This is also a reflection of our estimate as to the number of hearings and activities which will need to be recorded.

Mr. EARLY. Is the increase going to go for an increased number of hearings or for an increased rate?

Mr. ENGMAN. It is for an increased number of hearings only. Under the Magnuson-Moss legislation, for example, trade regulation rule proceedings, there will be some eight or more proceedings underway during the coming year.

Mr. EARLY. Can you tell us how much of that increase is due to an increase in the number of hearings and how much is due to a rate increase?

Mr. ENGMAN. We will provide that for the record.
[The information follows:]

STENOGRAPHIC REPORTING COSTS

The entire increase requested for fiscal 1976 is to cover increased volume. None of the request is associated with anticipated price increases.

HIRING STENOGRAPHIC SERVICES IN THE REGIONS

Mr. EARLY. I think from one of your earlier comments, several regional directors feel that if they were permitted to shop around for their own steno services they could obtain services at a cheaper rate.

Mr. ENGMAN. The first time I heard that suggestion was over the weekend when I had a chance to read the report. That certainly would be something we should explore.

CHAIRMAN ENGMAN'S VIEW OF INVESTIGATIVE REPORTS

Mr. EARLY. What was your view of this report?

Mr. ENGMAN. Which one?

Mr. EARLY. The Investigative study.

Mr. ENGMAN. I was flattered by the complimentary comments which the investigators made about my personal tenure as Chairman. A great many of the recommendations expressed the same kinds of concerns that I have had at the commission with respect to improvement of our internal management processes. In fact, a substantial number of these matters, as it turns out, although I didn't know what was in the report are matters that we have already taken action on.

Mr. EARLY. Are they before the committee?

Mr. ENGMAN. There are some matters with which I would disagree, but overall, the document emphasizes policy planning and how do you integrate policy planning and priority setting into the decisionmaking process at the commission. These are the issues we have addressed this year for the first time in our midyear budget review process. It is unfortunate that the timing of the report was such that they were not able to see the results of some of these changes.

Mr. EARLY. You suggest several changes are included?

Mr. ENGMAN. I think in general terms we have met many of the suggestions or recommendations or criticisms of the report.

Mr. EARLY. On the suggested \$90,000 saving with regard to third class postal rate, would you comment?

Mr. ENGMAN. I have subsequently asked what the situation was with respect to that. I am sorry I did not know last Wednesday but that recommendation was analyzed and it was determined that we should substantially change the way we do business.

There was, first of all, a problem with the third-class rate. Tests were run in three different cities and showed that third-class mail added a delay time factor which was not warranted. What was done, however, was a substantial weeding out of what our lists were and segregation of them so you were not necessarily sending everything to everybody but these were ultimately thrown into the data processing program which we have.

We estimate that we have an annualization as a result of those changes in lieu of this other recommendation of something in the neighborhood of \$150,000.

Mr. EARLY. You picked up \$25,000?

Mr. ENGMAN. We picked up as additional around savings of \$38,000 at current rates.

Mr. EARLY. Thank you, Mr. Chairman.

STAFF RESOURCES DEVOTED TO CHILDREN'S ADVERTISING

Mr. ANDREWS. Chairman Engman, on Wednesday I asked you to put into the record a full report on your activities in behalf of children in the last year. I want to know what has been tried, and what has been accomplished. In addition to my other questions, I would like some specific answers to the following:

Your children's advertising activity projection for fiscal year 1976 shows 2.7 person years for "economist/attorney" and 0.3 years for "other professional."

What are the qualifications of your "economist/attorneys" in the field of understanding children's reasoning?

What type of "other professional" are you contemplating under those 0.3 years to beef up your understanding of how children absorb advertisements and commercials?

What actual research have you sponsored or undertaken which tells you how children differ from adults in matters of commerce? What are the names of the outside consultants on child matters you referred to on Wednesday?

Mr. ENGMAN. The Commission has acted in five areas of television advertising to children—premiums; the use of hero figures as product spokesmen; the advertising to children of vitamins and over-the-counter drugs; the advertising to children of dangerous toys or other products hazardous to health or safety; and the failure to provide audio as well as video disclaimers.

More specifically, the Commission has issued a proposed guide which would ban the advertising of premiums in time when children constitute a majority of the audience. We received an unusually large volume of comments on this proposal, and the staff review process has now been completed. I also understand however, that a clinical study of the effects of the proposal has just been completed at George Washington University and that study questions some of the assumptions underlying our proposal. As soon as the Commission has reviewed the comments and the study, and is adequately informed about the study, we will take final action on the proposal.

As for hero figures, the Commission recently issued proposed guides on testimonials and endorsements which are designed to insure, among other things, that the use of celebrities as product spokesmen is free of deception for children and adults alike.

The code of the National Association of Broadcasters has been amended to prohibit the advertising of both vitamins and over-the-counter drugs in children's prime time. The code has also been amended to require audio, as well as video disclaimers, in toy advertising.

Finally, the Commission staff is in the process of developing a trade regulation rule respecting product safety in advertising—program I07. That effort is addressing the concerns that I voiced about advertising of hazardous products to children.

The economists and attorneys working on children's advertising are not themselves experts on children's reasoning, but they have consulted with people who have studied the effects of advertising on children. These experts have included Charles Atkin, assistant professor, Department of Communications, Michigan State University; Charles Winick, professor of sociology, CCNY; Robert F. Dyer, assistant professor of marketing, George Washington University; and Ronald S. Rubin, assistant professor, Florida Technological University. These are also the people to whom I referred in my testimony. The provision made in program K01 for other professional services will enable the staff to continue to call on these and other experts on a paid consulting basis when that is necessary or advisable.

As for other research, the National Science Foundation, at the Commissioners' request, has funded the first stage of a comprehensive study of the impact of advertising on children at a cost of more than \$100,000. The research team consists of Richard Adler, associate director, Aspen Institute; Professor Bernard Z. Friedlander, director, Infant/Child Language Research Laboratory, University of Hartford; Professor Gerald S. Lesser, director, Laboratory of Human Development, Harvard University; Associate Professor Thomas S. Robertson, Center for Research on Media and Children, The Wharton School, University of Pennsylvania; Associate Professor Scott Ward, Graduate School of Business Administration, Harvard University; and Assistant Professor John R. Rossiter, Center for Research on Media and Children, The Wharton School, University of Pennsylvania.

ADVERTISING PRODUCTS HAZARDOUS TO CHILDREN

Mr. ANDREWS. Do you have the power to postpone television commercials to certain late evening hours if you judge the product hazardous to children? If so, why have you not acted on this? If not, who does?

Do you have the power to ban television commercials for certain products hazardous to children? If so, do you plan to do so? If not, who does?

Mr. ENGMAN. The Commission clearly has the power to ban deceptive or unfair commercials. When there are several possible remedies

for deception or unfairness, the Commission is obliged by law to choose the least harsh one. This approach is particularly apt, in my judgment, when it comes to prior bans on speech—even commercial speech.

FRANKNESS OF CHILDREN'S ADVERTISING

Mr. ANDREWS. Do you feel the FTC should monitor and influence late afternoon and early evening commercials aired to large child audiences when the broadcaster terms the program, and commercials therein, family programing or adult programing? Please elaborate on your reasons why or why not.

Should not commercials and advertisements which may appeal to children have a greater degree of frankness than commercials aimed solely at adult audiences? Please explain your answer.

Mr. EXEMAN. I certainly do not feel that the Commission should ignore the commercials aired to large child audiences, but there is a question as to whether the standards applicable to "children's prime time" should necessarily be the same as those applicable to family or adult programing.

As for the degree of frankness—that is, candor—that should be required when commercials are beamed to large child audiences. I tend to subscribe to the view of the court of appeals in the *Charles of the Ritz* case that the standard of candor required in any commercial is not one which will prevent experts from being misled but instead one which will prevent the ignorant, the unthinking, and the credulous from being misled. That standard of scrupulous accuracy is the legal standard and it is the one we used in our most recent proposals regarding the use of celebrity figures as spokesmen.

NATIONAL ASSOCIATION OF BROADCASTERS

Mr. ANDREWS. On the subject of the National Association of Broadcasters, on Wednesday you commented that they have a code. How does it operate on a day-to-day basis? Does it cover children in the late afternoon and early evening? Does it protect children during those times from the advertising of hazardous products? Does it give equal protection to the children of any State? Does it cover repetitive commercials?

Mr. EXEMAN. All three major networks use the NAB code on a day-to-day basis to screen prospective commercials; those which do not comply with the code are rejected. The provisions dealing explicitly with children's advertising are applicable only to children's prime time. Other provisions dealing generally with safety in advertising and with the advertising of drugs are applicable without regard to time. I have no reason to believe that there is any discrimination against the children of any State. The NAB code does not cover repetitive commercials.

COUNCIL OF BETTER BUSINESS

Mr. ANDREWS. On the subject of the Council of Better Business Bureaus and the National Advertising Review Board: Does the CBBB

effort cover advertisements for hazardous products to children? Does it ban them, postpone them, or require special warnings? Is their code effective with the afternoon reruns and early evening programs? How effective is their code at this time of day in the central and mountain time zones? Do you require regular accounting of the CBBB effort? Can we have the most recent copy?

Mr. ENGMAN. The CBBB effort uses as its "code" the Association of National Advertisers (ANA) guidelines. The ANA guidelines provide in pertinent part:

For the child, imitation, exploration, and experimentation are important facets of the learning process. The various media—and especially television—contribute to this process through programs and commercial messages. Because television is one of the dominant factors in communicating with children, and because many initial exposures to products and services are through this medium, advertising and programming can and should contribute directly and indirectly to sound and safe habits in children.

Children, and occasionally parents, may not be cognizant of hazards that may exist through misuse or abuse of products. Therefore,

(a) Advertisements, except specific safety messages, should not portray adults or children in any unsafe acts, situations or conditions.

(b) Advertisements should avoid demonstrations or portrayals of any product in a manner that encourages misuse, or is inconsistent with generally accepted standards of safety.

A product that is hazardous per se—that is, unsafe in any circumstances—would appear to be banned under this language.

The guidelines are applicable only to children's prime time so that it is not applicable to afternoon reruns or early evening shows in the central and mountain time zones or elsewhere.

The CBBB effort is entirely a private effort. Thus we do not require any accounting from it, and we do not have their copy. We do, however, have a recent report on their activities from the director of the children's advertising unit.

FTC CODE FOR ADVERTISERS

Mr. ANDREWS. What code does the FTC have for children's advertising? Can you give me examples of what has been implemented? What is the size and budget of your staff that concerns itself with implementing your code? What recent rules have you laid down protecting children?

Mr. ENGMAN. The Commission does not have a "code," as such, for children's advertising. However, as I have indicated, it is in the process of developing concrete standards of conduct in three areas—premiums; safety in advertising; and the use of celebrities as spokesmen. The size and budget devoted to the first two of these efforts are described in the program summaries for program Nos. I07—product safety advertising—and K01—children's advertising. The third effort, which is part of program I01—advertising substantiation—is expected to take about two staff members and roughly \$15,000 in travel and contract funds.

REPORT TO SENATOR COOK

Mr. ANDREWS. Chairman Wiley has recently told us that the FCC reporting form for broadcasters regarding children's programming practices excludes reruns. Since reruns attract a huge child audience,

can you tell us how you monitor the afternoon-evening period when reruns are on the air to millions of children?

Last year you promised Senator Marlow Cook regular reports on the matter of children in commerce. Have those been submitted to anyone? Can we have a copy?

Mr. ENGMAN. Our monitoring effort is organized by industry rather than by time slot. That is to say, all of the advertising of selected industries is reviewed regardless of when it appears and the most of that advertising is then singled out for a law enforcement investigation. Consequently, there is no separate monitoring of the commercials during the afternoon-evening rerun period.

With respect to reports to the Congress, I offered to submit any reports that the Senate Commerce Committee requested. One such request was made last year; my response is attached.

[The letters referred to follow:]

FEDERAL TRADE COMMISSION,
Washington, D.C., December 18, 1974.

Hon. JOHN E. MOSS,

Chairman, Subcommittee on Commerce and Finance, Committee on Interstate and Foreign Commerce, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter concerning additional developments in the regulation of child-directed advertising since I last wrote you on the subject on March 26 of this year.

As you may recall, at the time of my earlier letter, a series of meetings was in progress involving representatives from industry and consumer groups as well as staff members from the Commission and the Federal Communications Commission. The aim of those discussions was to attempt to develop a voluntary code that would be acceptable to all parties.

One result of the meetings was a proposal by industry representatives in late May to create a new children's unit within the existing structure of the National Advertising Division (NAD) of the Council of Better Business Bureaus, in conjunction with the National Advertising Review Board (NARB). While the creation of the new unit was an encouraging procedural development, no corresponding improvement was offered in the substantive standards the unit would enforce.

Believing that although the voluntary approach had produced some benefits it had not resulted in substantive reform, I called for government action in a speech (attached) delivered before the American Advertising Federation on June 3.

Subsequently, the Commission proposed an industry guide (attached) banning the promotion of products or services on television through the use of premiums having significant appeal for children under 12 years of age and unrelated to the merits of the primary product or service. The proposed guide was placed on the public record for a period of comment, which expired on September 23. More than 600 comments have been received from consumer groups, advertisers, advertising agencies, the television networks, and a large number of private citizens. The Commission staff is now engaged in analyzing these comments, and the Commission will take action on the guide after receiving the staff's recommendation.

As you probably know, the television industry has taken several steps over the past several months with respect to children's advertising practices. On June 27, the National Association of Broadcasters approved a plan that would require its member stations to reduce non-program material on weekend children's shows from the present 12 minutes per hour to 9½ minutes per hour by December 31, 1975 (with reductions as well in weekday non-program material on children's shows). The NAB also approved statements banning the advertising of vitamins and non-prescription medications on programs designed

for children under 12, requiring clearer separation between commercials and video when additional items are needed to operate a toy, and calling for advertised products to conform with generally recognized standards of safety. We will watch with interest for the extent of compliance with these actions and their actual impact when they go into effect at the end of this year. In addition, the NAD children's unit is now in operation, and we are closely observing the extent and effect of its activities.

I have continued to maintain close personal liaison with Chairman Wiley concerning developments at both agencies, and I am aware of no difficulties concerning the coordination of government activity in this area.

Sincerely,

LEWIS A. ENGMAN,
Chairman.

Enclosure.

Office of the Chairman

CORRESPONDENCE REFERRAL

Date

9/30/74

Referred to:

- Executive Director
- Bureau of Competition
- Bureau of Consumer Protection
- Bureau of Economics
- General Counsel
- Asst. Executive Director
for Regional Operations
- Other _____

Information copies to:

- Chairman
- Commissioners
- Bureau of _____
- General Counsel
- Asst. General Counsel
for Congressional Relations
- File
- Other _____

Type of action or response:

- For Information
- Direct Reply
- For Chairman's Signature
- For Commission Approval
- Necessary Action
- Comment: _____

EXPEDITE

Please furnish copy of response to:

- Office of the Chairman, Rm. 442
- Office of Assistant General Counsel for
Congressional Liaison, Rm. 560
- Above-Named Information Addressees

CONGRESS OF THE UNITED STATES,
Washington, D.C., September 19, 1974.

Hon. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: Earlier this year I wrote you asking what governmental action might be taken to prevent unfair or misleading advertising directed to children. In your response of March 26, you pointed out the voluntary program you had undertaken with the industry and consumer groups and that the FCC has the responsibility for broadcast policy toward children's advertising.

It is my understanding that since then you have voiced concern about the effectiveness of a voluntary approach, and you have suggested certain specific solutions. Additionally, the FCC has informed me that coordination between the FTC and the FCC is desirable and has been started.

Since I believe that children's advertising is an important issue which must be resolved in favor of more effective protection, I am asking for a report of progress since your letter of March 26 and details on your future plans in this area. It would be helpful, in addition, if you would describe the success of the coordination activities between the FTC and the FCC.

I would appreciate a prompt reply.

Sincerely,

JOHN E. MOSS,
Chairman,
Subcommittee on Commerce and Finance.

CHILDREN'S TELEVISION ADVERTISING GUIDELINES

PREAMBLE

Advertising directed to children, for products and services which are used or consumed by children, is appropriate in a society and economy such as ours. Such advertising serves to bring information to children and helps prepare them for maturity. Advertising to children is also the economic base for children's programming with all of its potential for education and entertainment. Without such advertising, continued and improved children's programming would be jeopardized.

At the same time, children are a unique audience as they are in their most formative development period, may be more easily influenced than are adults, and because of their limited experience are not fully equipped to make comparative judgments.

Heretofore, parents, school and church have been the primary guiding forces in shaping values and judgments. However, the amount of time spent with TV today adds it as a fourth major influence. Special responsibilities are therefore placed upon advertisers and broadcasters to deal protectively with children, to help them better understand the world and how to live in it, and to respect and complement the parental role.

These guidelines, recognizing the uniqueness of the children's audience, are designed to assist advertisers in the preparation of advertising that fulfills the special standards that are desirable in advertising to children.

PRINCIPLES

While the process of communicating with children through television must be continually responsive to changing times, four basic principles underlie these guidelines:

I. Advertisers should always take into consideration the level of knowledge, sophistication and maturity of the audience to which the message is primarily directed. Since younger children have limited capabilities for discerning the credibility of what they watch, they pose a special responsibility for advertisers and broadcasters alike to protect them from their own susceptibilities.

II. Realizing that children are limited in their ability to distinguish between fact and fantasy, advertisers should exercise care not to stimulate (directly or by implication) unreasonable expectations of performance. A child's imagination should be respected rather than exploited.

III. Recognizing that advertising may play an important part in educating a child to become a member of society, product information should be communicated in a truthful and tasteful manner.

IV. Advertisers are urged to capitalize on the potential of television to communicate and impart knowledge and understanding by sponsoring children's programs that provide value beyond entertainment alone, and by developing advertising that, where possible, addresses itself to social standards generally regarded as positive and beneficial (such as friendship, equality, kindness, honesty and generosity).

INTERPRETATION

Advertisers and broadcasters are reminded that the interpretation of these guidelines should conform to the principles stated above. The intent in all cases should be to deal fairly and honestly with children, and to look at each individual commercial in that context, rather than prescribe rigid or inflexible rules which may deprive children and advertisers of the benefits of innovations and new approaches.

SCOPE

The clauses in these guidelines embrace all (whether national or local) commercial messages designed to appeal especially to children under 12 years of age which appear in children's programs or all-family programs in which general audience patterns typically contain more than 50 percent children.

SOCIAL VALUES

Although many influences affect a child's personal and social development, it remains the prime responsibility of the parents to provide guidance for children, and to exert necessary and proper influences in children's exposure to the world. Advertisers and broadcasters should contribute to this development in a constructive manner in order to facilitate the parental task. Advertising should dwell on the positive aspects of society, and enrich the dignity of human life, as opposed to portrayals of violence, appeals to fear, or discrimination of any type. To this end:

(a) Advertisements should never suggest practices generally considered unacceptable from the standpoint of social, legal, religious, institutional, or family values.

(b) Advertisements should not reflect disdain for parents or parental judgment, nor reflect unfavorably on other generally recognized sources of child guidance.

(c) Advertisements should never portray undesirable living habits.

(d) Advertisements should avoid contending that through possession of a product, a child betters his peers or, lacking it, will invite their contempt or ridicule.

(e) Any material benefits attributed to the product, premium or service should be inherent in the use thereof.

PRESENTATION

Children, especially in their preschool years, have vivid imaginations. Use of imagination enables a child to project himself beyond his immediate capacities and reach for his future potential. Advertisers should, therefore, always respect a child's imagination.

The use of imaginative situations relevant to the audience concerned is an acceptable and normal communications practice. Implicit in the foregoing is the concept that fantasy, including animation, is an appropriate form of communications to any audience, including the very young. However, the use of special situations and fantasy in advertising directed to children should assure that the advertisement will not suggest unattainable expectations of performance.

To this end:

(a) Any form of presentation which capitalizes on a child's difficulty in distinguishing between the real and the fanciful should be positively guarded against.

(b) In the use of fantasy, advertisers should seek to channel a child's imagination toward healthy and constructive growth and development.

In more specific terms, particular control should be exercised to be sure that:

(a) Copy, sound and visual presentation—as well as the commercial in its totality—do not mislead the audience to which it is directed on such performance characteristics as speed, size, color, durability, nutrition, noise, et cetera; or on

perceived benefits such as the acquisition of strength, popularity, growth, proficiency, intelligence, and the like.

(b) The advertisement clearly establishes what is included in the original purchase price of the advertised product, employing where necessary positive disclosure on what items are to be purchased separately. All advertising for products sold unassembled should indicate that assembly is required.

(c) A clearly depicted representation of the advertised product to be shown during the advertisement. When appropriate in assisting consumers to identify the product, the package may be depicted, provided that it does not mislead as to product characteristics or content.

(d) Advertising demonstrations showing the use of a product or premium can be readily duplicated by the average child for whom the product is intended.

PROMOTION BY PROGRAM CHARACTER AND PERSONAL ENDORSEMENTS

It is recognized that very young children may not fully recognize differences between commercial messages and program content. Hence, product endorsements by personalities may exert undue influence upon the rationalization process of children. Therefore:

(a) Program personalities or program characters (live or animated) on children's programs should not be used to promote products, premiums or services in or adjacent to any program where the personality or character appears.

(b) Subject to paragraph (a) of this section, "product characters"—personalities (real or fanciful) which are closely associated and identified with the product—may be used as presenters for the advertised product or service, provided they do not perform acts, which children might be expected to emulate, which would be misleading as to the attributes of the product or service concerned.

(c) Nationally known persons may be used to attribute a characteristic or quality to a product (including a premium) or service when they are generally recognized as qualified to speak on the subject, and their statements represent their good faith evaluation.

COMPARATIVE AND COMPETITIVE CLAIMS

It is recognized that comparative product information is an important consumer service and will assist children in evaluating product performance and benefits. Therefore, comparative statements may be used when such statements portray a true and significant improvement over prior or existing products, and providing that:

(a) All comparative price statements are based upon the usual and customary price paid in a substantial number of sales in the trade area where the advertising is carried.

(b) Dangling or openended comparative statements are not used.

(c) Comparative statements are informational and do not demean other products.

PRESSURE TO PURCHASE

The purpose of commercial communications is to encourage trial and repeat purchases. Advertisements addressed to children also seek those objectives. Should they fail to do so, their reason for existence would be vitiated, as would the advertiser's motivation for the support, sponsorship, and development of improved programing directed to children.

However, children are not as prepared to make independent buying decisions—or contribute to family decisions—as are adults. Accordingly, to avoid undue pressure to purchase:

(a) Rather than urging children to pressure their parents to purchase, advertising to children should urge them to seek parental guidance and counsel.

(b) Products which by their very nature are not primarily intended for use or consumption by children should not be advertised directly to children; nor should such products be promoted via premiums or other means directly to children. If child-directed premiums are used, they should be advertised to parents.

(c) All price representations should be clearly and concisely set forth in a manner so as not to exert undue pressure to purchase, and price minimizations such as "only" or "just" should not be used in any advertising directed to children.

SAFETY

For the child, imitation, exploration, and experimentation are important facets of the learning process. The various media—and especially television—contribute to this process through programs and commercial messages. Because television is one of the dominant factors in communicating with children, and because many initial exposures to products and services are through this medium, advertising and programming can and should contribute directly and indirectly to sound and safe habits in children.

Children, and occasionally parents, may not be cognizant of hazards that may exist through misuse or abuse of products. Therefore:

(a) Advertisements, except specific safety messages, should not portray adults or children in any unsafe acts, situations or conditions.

(b) Advertisements should avoid demonstrations or portrayals of any product in a manner that encourages misuse, or is inconsistent with generally accepted standards of safety.

CLAIM SUBSTANTIATION

In accordance with the basic principle of "dealing fairly and honestly" with children:

(a) Advertising to children shall not claim or imply any product or premium performance characteristics which are not supportable by factual data or research which conforms to sound professional practices. Exceptions are those claims recognized to be generic to products in a category.

(b) Puffery (defined as "flattering publicity" or "extravagant commendation") is not acceptable support for an objective product claim. Advertising claims which might be construed as literally true must be literally true. If there is doubt, the burden will be on the advertiser to document the claim.

Adopted May 31, 1972 by the board of directors of the Association of National Advertisers, Inc.

CONSOLIDATION OF CHILDREN'S ADVERTISING

Mr. ANDREWS. Should the responsibilities for children in commerce be consolidated to end the "bureaucratic shell game" to which you referred last year?

Mr. ENGMAN. As you know, this jurisdictional change would require congressional action. Any such change might be accomplished only with a sacrifice of expertise on the part of the agencies currently involved with the detailed technical problems. The Commission hasn't considered the question, and I can't speak for my colleagues.

- **Mr. SMITH.** Mr. Miller?

PROPERTY INVENTORY

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Chairman, in the Investigative staff surveys, pages 67 and 70, several questions are raised on property inventory, excess equipment both in Washington and in the field.

Do you have an inventory system now conducted on a systematic basis?

Mr. ENGMAN. We do at the present time, Congressman.

This matter was dealt with at some greater length last Wednesday by our Executive Director, Mr. McNamar. The general thrust of what he said, although I would want his own testimony to stand for itself, was there were some problems in this area and we have hopefully resolved them at this time.

Mr. MILLER. The report indicated as I recall, I had one marked, the ratio of typewriters is approximately two typewriters for each support and clerical personnel. Is that one of the problems he would have addressed?

Mr. ENGMAN. That would not have been one of the problems. We made a conscious decision to permit attorneys who have typewriters to do their own typing if they wished.

That particular element would not have reflected any shortcoming in terms of inventory maintenance.

Mr. MILLER. The next sentence clarifies that to some degree where it says almost 1½ to 1 compared to the professional staff.

Mr. ENGMAN. That is assuming that you are dividing all the typewriters only by the clerical people. If you divided them by the people who have typewriters it would be 1 to 1.

Mr. MILLER. The problem is now being taken care of.

Mr. ENGMAN. Yes.

COST OF MAILING NEWS RELEASES

Mr. MILLER. What do you spend annually for mailing news releases? Do you have that figure?

Mr. ENGMAN. I don't have that figure broken out, Congressman. I will supply that for the record.

Mr. MILLER. That would be fine.

[The following information was submitted:]

The FTC spent \$348,690 in fiscal year 1974 for mailing news releases. After the new mailing system was implemented, the amount declined by 38 percent or \$134,723 to an estimated \$213,967 in fiscal year 1975. In addition, the reductions in the mailing list and revised procedures have resulted in a savings of 1 to 2 man-years and the associated costs.

NUMBER OF NEWS RELEASES

Mr. MILLER. If you do have the figure broken out as to how many different releases and to whom, I would appreciate that for the record.

[The following information was submitted:]

There are about 600 news releases per year. In the selective mailing system, the audience receiving the releases vary from about 400 to 17,000. The composite audience is made up of individual consumers, consumer organizations, educators, attorneys, economists, libraries, governmental and elected officials, media and business corporations. All must indicate in writing each year that they are specifically requesting to be included in the list for the next year.

Mr. MILLER. There was a comment by the investigative staff as I recall that indicated something like \$110,000 could be saved if some of the releases were not mailed first class, but third class.

Mr. ENGMAN. That, Congressman, was the point I was discussing with Congressman Early. The action which was taken by the Commission will effect a savings of more than that amount of money but will do so in a different fashion, culling out and refining the mailing lists which we do have.

LACK OF CONSOLIDATED SPACE

Mr. MILLER. On another subject, the lack of consolidated space seems to be giving you a problem. Understandably so. What efforts have been made to overcome this?

Mr. ENGMAN. There have been substantial ongoing efforts and discussions with the General Services Administration in this area. I am not sure what the GSA and Congressional ground rules are with respect to these kinds of areas at this point in time but I would be more than happy to either make available staff or myself to discuss the specific alternatives in substantially greater detail.

Mr. MILLER. Since I also have the budget of GSA in another subcommittee that I am on, it would be very interesting to know whether they have been responsive to your needs.

Mr. ENGMAN. I appreciate that, Congressman.

I don't mean to evade your question. I do not know how appropriate it is to discuss specifics at this point. There have been extensive discussions and I would welcome an opportunity to discuss them further with you.

Mr. MILLER. Could you have someone on your staff contact me? I would appreciate that very much.

Mr. ENGMAN. Yes, sir.

STATUS OF LITIGATION WITH OIL COMPANIES

Mr. MILLER. You presently are involved in the complex antitrust litigation against the eight largest oil companies. Is it possible for you to give us a status report on that case?

Mr. ENGMAN. As you know, there are problems of prejudgment in this matter. I frankly don't know the issues that have been raised in that area in terms of substance of the allegations and the like.

It is my understanding that there has been a great deal of effort expended with respect to the development of a data processing system which can adequately handle the huge flow of material and documents in the case.

There have been a substantial number of, and I don't know exactly how many, procedural motions which have been filed and which have had to be argued and briefed by the staff.

RESOURCES DEVOTED TO OIL COMPANY CASE

Mr. MILLER. Can you tell us how many people and how much money has been directed toward prosecution of the case?

Mr. ENGMAN. I can refer you, Congressman, to page 6 of our presentation. It basically indicates the total estimate.

With respect to 1975, there is an estimated 47.5 man-years. That includes both economists as well as lawyers, clerical, and paraprofessional people. We are estimating that will increase to 57 man-years for fiscal year 1975.

Mr. MILLER. Do you have any idea of the resources that the oil companies directed toward the case?

Mr. ENGMAN. I do not.

CASE SELECTION PROCESS

Mr. MILLER. How would you go about selecting that particular case for prosecution? What priorities do you use?

Mr. ENGMAN. We attempt to spend our resources where there seems to be maximum potential impact in the economy and the efforts of the Commission are more apt to bring fruit.

In other words, it is not just on sort of a mailbag selection basis, but an attempt ahead of time to look for areas which are subject to potential abuse. Within the antitrust area, at least the lion's share, almost half of our resources are directed in the two broad areas of energy and food.

This is true of what we have done in 1975 and what we would propose and request you permit us to do in 1976.

Mr. MILLER. Some of the charges I understand in the case date back to practices being conducted in the 1950's, such as group bidding on leases. If you win the case, what benefits do you expect?

Mr. ENGMAN. That is a question that I—

Mr. MILLER. Accrue to the public?

Mr. ENGMAN. That is a question I would respectfully not answer, Congressman. I would be happy to make available, however, Mr. Halverson, who is the head of our Bureau or member of the litigating staff to discuss this either in terms of supplying written answers to the question or in further conversation with you.

Mr. MILLER. I might mention why I ask the question.

It does take a lot of resources in order to pursue it. I wonder when we have a \$45 million budget what part would be used for that purpose. Is it enough? Is it too much? If there are monopolistic activities adverse to the public interest, they certainly should be prosecuted.

I am trying to put it in proper perspective.

Mr. ENGMAN. I understand that.

The question is a legitimate question. I don't mean to imply it is in any way improper. You are talking about an expenditure of funds which is close to \$2.5 million estimated for fiscal year 1976, and that is certainly the largest single item in our budget.

I would only respectfully urge that Mr. Halverson either submit an answer to the question in writing for the committee or that he come down and discuss this with the committee and the committee staff at your convenience.

Mr. MILLER. Thank you. I have some additional questions that I would like you to answer for the record.

Mr. ENGMAN. We would be happy to do that.

Mr. MILLER. Thank you, Mr. Chairman.

[Mr. Miller's questions and the Commission's replies thereto follow:]

(1) *Question.* Assuming the staff proposal on food advertising is accepted, how much would it cost the Commission to go through the exemption process on any single item?

Answer. It is difficult at this stage to assess precisely the cost of processing a petition for an exemption from coverage of any affirmative disclosure requirement which may ultimately be promulgated by the Commission.

As you are probably aware the rule proposed by the Commission already provides for a procedure whereby a food advertiser who makes voluntary nutrition claims may formally petition the Secretary of the Commission for permission to utilize an alternative form of disclosing required information in print advertisements for unusual advertising materials or materials too small to reasonably comply with the method and form of making disclosures provided in section 437.2(h)(1)-(4). The partial staff disclosure scheme would also allow for applications to use an alternative form of making any required disclosure (whether triggered by a voluntary nutrition claim or not) in print advertising. No specific procedures for petitioning the Commission for a complete exemption from or for an alternative form of providing disclosures in television advertising has been provided in either the Commission proposal or the partial staff recommendation.

(2) *Question.* Have you made any estimates of the number of items for which an exemption petition may be filed?

Answer. No. Realistically, estimates of this sort can be made only after there has been a full development on the record of the likely application and effect of whatever regulations may be finally promulgated. In addition, that record should provide us with a basis for understanding the kinds of criteria which properly should be considered in connection with the receipt and consideration of any exemption petition that may be filed.

(3) *Question.* In the first paragraph, page 39860 of the November 11, 1974, Federal Register, there is a statement that neither the Commission nor the Bureau Director or the Assistant Director for National Advertising is presently prepared to propose the following provisions. If the Commission was not prepared to present the proposals, why were they published?

Answer. The Commission concluded that it is in the public interest to solicit comment on the staff statement, including, in particular, the form which the affirmative disclosures called for in that statement might take.

The Commission felt that publication of the partial staff disclosure scheme would permit advertisers to focus comments on one possible application of a unanimous staff recommendation calling for the disclosure in virtually all food advertising of some nutrition information in some form.

(4) *Question.* Is it common for proposals originating with the staff and not endorsed by the Commission to be published?

Answer. In view of the enormous volume of food advertising (by far the largest category of advertising in the country) and the obvious health significance of food choices, a majority of the Commission was of the opinion that the considerations raised by the staff statement and the partial staff disclosure scheme were of sufficient importance to warrant an opportunity for comment by the public, and that such comment could best be focused by publication of those materials. For the same reasons, the Commission did recently publish a comprehensive staff analysis in connection with its initiation of a rulemaking proceeding relating to the advertising and promotion of automobile fuel economy in order to give focus to issues which were to be considered in that proceeding.

Mr. SMITH. We thank you, Mr. Chairman.

I think the number of members that were present and the fact it took us 4 hours altogether, indicates the importance that this committee attaches to your Commission's duties and responsibilities in the area of trying to control anticompetitive activity and deceptive practices at this particular point when we are experiencing both inflation and recession simultaneously as well as numerous other economic problems.

Thank you for your attention, and we will give close scrutiny to your budget request.

Mr. ENGMAN. Thank you, Mr. Chairman.

I can say it is a real pleasure to have the interest that is expressed by so many members of this committee, and we will be happy to provide you with any additional information should you so desire. Thank you.

THURSDAY, MAY 15, 1975.

UNITED STATES INFORMATION AGENCY

WITNESSES

JAMES KEOGH, DIRECTOR

EUGENE P. KOPP, DEPUTY DIRECTOR, USIA

STANLEY M. SILVERMAN, AGENCY BUDGET OFFICER, USIA

Mr. SLACK. The committee will please come to order.

This morning we shall direct our attention to the next item, namely the U.S. Information Agency. The total budget request for the USIA for fiscal year 1976 is \$274,014,000, an increase of \$36,005,000 over the amount appropriated to date for the current fiscal year. These amounts are requested in four separate appropriation items. The total amount requested for the transition period is \$73,107,000.

Do you have a statement, Mr. Director, with regard to this budget request?

Mr. KEOGH. Yes, Mr. Chairman.

Mr. SLACK. Please proceed in your own way.

Mr. KEOGH. Thank you very much.

GENERAL STATEMENT

Mr. KEOGH. Mr. Chairman and members of the committee, the budget request for the U.S. Information Agency totals \$274,014,000 for fiscal year 1976, an increase of \$36 million over the 1975 budget authority enacted to date. When the 1975 supplemental now pending in the Senate is considered the increase totals \$30,656,000. Inflation and other nondiscretionary increases account for more than two-thirds of the requested increase. The balance of the increase, \$10.2 million is requested to strengthen VOA broadcast capability in East Asia, to support the American Revolution Bicentennial, to adjust VOA office and studio space in Washington, D.C. and to undertake several program initiatives in the Soviet Union and the Middle East.

For fiscal year 1976 we are asking for 9,292 positions, a net decrease of 8 from 1975 and a reduction of 224 from fiscal year 1974. Within the reduced level projected we are providing 16 positions for the program changes noted above and 16 positions for added support to the expanded exchange of persons program proposed by the Department of State.

SALARIES AND EXPENSES

Our request for salaries and expenses is for \$246,984,000 in the dollar account and \$10,708,000 in foreign currency.

In our dollar "Salaries and expenses" appropriation, we are requesting a net increase of \$23,193,000 over the 1975 appropriation level, including the pending supplemental appropriation request. The impact of inflation has had a profound effect on our 1976 estimates. The amount needed to fund wage and cost increases and other built-in requirements accounts for \$21,751,000 of the increase. Specifically, these items are: Local employee wage increases overseas requiring an additional \$5,704,000; increases in fuel, utilities, and other operating costs totaling \$5,877,000; the full year costs of Federal pay raises, an additional extra day's pay, and within-grade salary increases requiring \$3,749,000; inflationary increases in the Department of State's shared administrative support adding \$2,893,000; and other added costs, including increased payments to GSA, restoration of space renovation and other support to adequate levels and recurring multiyear rents, totaling \$4,532,000. These built-in increases are partially offset by net savings of \$1,004,000 deriving from the net reduction in 1975 of 185 positions funded from this account. Adjustments to our 1975 supplemental estimates after our budget was prepared result in further offsets of \$1,501,000.

The net increase noted above is requested to sustain throughout 1976 the reduced staff and program levels that will be in effect at the end of the current fiscal year. The reductions this year were necessary to absorb unprecedented increases in operating costs and to accommodate the fund reduction effected in the passage of our 1975 legislation. The precipitous rise in the price of oil triggered an increase in costs far beyond the level projected when we prepared our original fiscal year 1975 request. Its effects are still being felt.

The reductions affected all aspects of our operations. Our overseas operations, our Voice of America broadcasts and our domestic motion pictures, television, press, information centers, direction and other support efforts have been curtailed. In the case of the Voice even though we have allocated more funds to its operation than budgeted, we have had to reduce our weekly program schedule by 87½ hours.

Even as we cut back our overall program level we recognized changing priorities and instituted a number of program shifts. We began new program operations in East Berlin and in East Europe, and expanded activities in the Middle East. We launched several programs related to the American Revolution Bicentennial, including Bicentennial partnerships, a variety of program efforts involving matching input from foreign organizations; overseas support to the multimedia exhibit "The Age of Franklin and Jefferson"; and the initiation of two new film series for the Bicentennial.

We have placed added emphasis on the use of small system, closed-circuit television. We have been able to bring to key audiences abroad significant views of American policies, culture and society from Members of Congress and from officers of various departments and agencies. In other audio-visual formats we have increased our efforts to acquire materials from the private sector. Our staff will review more than 1,700 films during this fiscal year to acquire about 170. In all media we continue to promote American exports and tourism.

While we will continue these efforts in fiscal year 1976, we are requesting funds to undertake a number of new or expanded activities which in my view are most important at this time. These are:

(1) Increased support of the American Revolution Bicentennial: \$1,669,000. The major elements are: The Partnerships program under which USIA and organizations in host countries jointly sponsor projects related to the Bicentennial, including intensified study of U.S. institutions and history (\$645,000); Bicentennial satellite broadcasts, principally of ethnic observances in the U.S. to the native countries (\$420,000); special exhibits and American Studies seminars (\$355,000); acquisition of Bicentennial television programs and special materials for VOA broadcasts (\$249,000).

(2) Added office and studio space in Washington, D.C., to consolidate VOA activities into one building and to provide partial relief to VOA's seriously overcrowded working conditions. Increase: \$867,000.

(3) A new program operation in Kiev, USSR, and expanded circulation of "America Illustrated" in the USSR. Increase: \$338,000.

(4) The establishment of a new post in Alexandria, Egypt, and expanded program support in Abu Dhabi. Increase: \$96,000.

(5) Staff support to the project to strengthen VOA broadcasts in East Asia through installation of four additional 250 kilowatt short-wave transmitters, related antenna systems and power facilities (at the Philippines Relay Station). Increase in salaries and expenses: \$75,000; in the acquisition and construction account \$6,840,000. This vital augmentation project is especially important since, under an agreement between the United States and Japan, another of our East Asia facilities, the Okinawa Relay Station, is scheduled to close in 1977.

(6) Increased area and language training to enhance the language skills of our officers (\$95,000) and added representational expense reimbursement to agency officers (\$52,500). Recent increases in our overseas representation allowances have helped offset continuing cost increases but our officers are still called upon to make significant use of their personal funds. The domestic representation allowance has remained at \$500 since 1958. We are seeking some relief for the necessary expenses incurred by officers in the United States, particularly those dealing with foreign media representatives.

(7) Partially offsetting the fund increases requested are reductions in professional and technical training programs, VOA staff and USIS staff. Savings: \$249,000.

In addition to these program changes an increase of \$193,000 and 12 positions will be required for added support to the Exchange of Persons program in connection with the budget increase proposed by the Department of State. The Department will fully reimburse us for the costs of this increase.

For our Special Foreign Currency appropriation we are requesting \$10,708,000 in 1976. This increase of \$2,331,000 over the amount appropriated in 1975 results primarily from the application to 1975 programs of balances available from prior years and from built-in changes in the cost of wages, services and facilities requirements.

The \$10,708,000 requested would permit continuation in 1976 of programs in Burma, Guinea, India, Pakistan, Poland, Tunisia and the Arab Republic of Egypt at approximately the same levels in effect in

1975. There will be 671 local employee positions funded under this account in 1976, an increase of four over 1975 to support the proposed expansion in the Exchange of Persons program. In 1975, we decreased the positions in this account by 31.

In addition to the built-in increases requested in the Special Foreign Currency appropriation, we are requesting \$99,000 for the new program operation to be established in Alexandria, Egypt.

SPECIAL INTERNATIONAL EXHIBITIONS

The request for the Special International Exhibitions program is for \$6,187,000. The 1976 request represents a reduction of \$603,000 from the 1975 appropriation level (which includes the pending Federal pay raise supplemental of \$20,000).

The appropriation requested, together with balances to be carried forward, will provide for five showings in the U.S.S.R. of the Eighth U.S.-U.S.S.R. Exchange Exhibits "Technology for the American Home" and "Photography USA"; participation in five trade fairs in East Europe and Berlin; 11 showings in Eastern Europe of exhibits prepared for showing in the Soviet Union or for use at international fairs; 10 Labor Missions programs; 21 showings of small exhibits on American Art and the American Scene; four showings of Bicentennial exhibits and support costs. U.S. participation in the International Ocean Exposition on Okinawa, funded in 1974, will be completed in 1976. At present our efforts are on schedule and within the budget.

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

The budget request for acquisition and construction of radio facilities totals \$10,155,000, an increase of \$5,735,000 over the amount appropriated in 1975.

The 1976 request includes \$6,840,000 for augmentation of the VOA Relay Station in the Philippines. The project will add four 250 kilowatt shortwave transmitters, related antenna and power facilities.

The balance of the 1976 estimate is requested to provide \$900,000 for the continuing program of major improvements, replacements and repairs to maintain and improve the efficiency of existing facilities; \$2,295,000 for extraordinary improvement requirements for the Liberia Relay Station, the microwave system between Washington and Greenville, new studios in the added space for VOA in Washington, and for two added 250 kilowatt transmitters for the system; and \$100,000 for the engineering research program for improvement of broadcasting techniques and facilities components.

1975 SUPPLEMENTALS

The 1975 supplemental now pending in the Congress contains \$3,820,000 for Federal pay increases effected in October 1974 and wage board rate increases and \$1,529,000 for increased costs resulting from the decline of the dollar in international exchange and other recent inflationary increases.

Best Available Copy

FUNDING FOR THE FISCAL YEAR TRANSITION PERIOD

A total of \$73,107,000 is requested to continue agency activities during the 3 month fiscal year transition period July 1 to September 30, 1976. The amount requested will fund agency programs at the level proposed for fiscal year 1976.

AUTHORIZATION REQUEST

On May 5, we appeared before the Senate Foreign Relations Committee to discuss S. 1517, the Bill to authorize appropriations for the U.S. Information Agency and other foreign affairs activities for fiscal year 1976. The House International Relations Committee begins its consideration of our 1976 authorization request today.

SOUTHEAST ASIA

Mr. Chairman, the recent developments in Southeast Asia will have a substantial impact on our operations. We have, of course, abandoned plans for the programs we had proposed to carry out in Vietnam and the Khmer Republic. Now we must examine closely the new situation that faces us in East Asia and, indeed, throughout the world. Along with the general reassessment of Asian policy by the U.S. Government, it will be necessary for us to study our programs with the greatest care to determine how they should be changed to support the policy that emerges. It is not possible to make a precise statement at this time about the ultimate impact on our costs.

CONCLUSION

In the face of new challenges to the U.S. position in the world, our general effort is (1) to reassert in every credible way the fundamental, long-range positive values of the United States, our constitutional system and our people, and (2) to be particularly alert to propaganda thrusts against the United States and to do all we can to counter them effectively.

Mr. Chairman, I might add here we are convinced that at this time in the world, when the U.S. capability to control or effect events is admittedly reduced, that persuasion and explanation is more important perhaps than ever before.

This completes my summary presentation of our 1976 budget request. Mr. Kopp, the Deputy Director of the Agency, and Mr. Silverman, the Agency Budget Officer, are here to assist me in answering your questions.

Mr. SLACK. Thank you, Mr. Director.

THE STANTON REPORT

Has the executive branch taken any position with regard to the Stanton Report at this point?

Mr. KEOGH. No, Mr. Chairman. The executive branch has not taken a position. I have taken a position as Director of USIA. There is no

position so far announced by either the State Department or the White House. I do have with me a statement of position that I have made with regard to that report, and if you wish to have it I would be pleased to place it in the record.

Mr. SLACK. How lengthy is the statement?

Mr. KEOGH. Fourteen pages.

Mr. SLACK. Without objection, we shall insert the statement at this point in the record.

[The statement referred to follows:]

STATEMENT BY JAMES KEOGH, DIRECTOR, U.S. INFORMATION AGENCY, ON THE RECOMMENDATIONS OF THE STANTON PANEL ON INTERNATIONAL INFORMATION, EDUCATION AND CULTURAL RELATIONS

USIA welcomes the study and attention that the Stanton Panel and other groups are giving the U.S. Government's overseas information and cultural programs. The American public and even many officials of the Federal Government know far too little about the work of USIA. If these studies lead to a broader understanding of the Agency's function and a general consensus as to its mission, the public interest will be well served. If they also lead to an improved structure that will increase effectiveness and efficiency much will be gained.

It is heartening to us that the Stanton Panel reaffirmed the vital importance of information and cultural programs to the U.S. Government. We are encouraged, too, by the Panel's finding that these programs are working well despite an imperfect structure and that they "have demonstrated their success."

We agree with the Stanton Panel that new factors in the international situation make public diplomacy more important than ever. As the Panel pointed out, one of the consequences of growing international interdependence is "the need to explain the societal context in which U.S. policies and actions are generated." To do this the U.S. Government must have the capacity to communicate with the people of other countries as well as with governments. We also agree with the Panel's cogent conclusion that détente does not mean an end to the East-West struggle but requires and enables a fuller international expression of American ideas. We are convinced, as is the Panel, that the growing importance of countries whose cultures differ greatly from the United States requires that the United States make an intensive effort to explain what lies behind American commitments. And we fully concur in the Panel's conclusion that the diminished capacity of the United States to control the course of international events means that the United States will have to count more than ever on explanation and persuasion.

Having reached those conclusions, the Stanton Panel sought to design an organizational structure that would strengthen America's public diplomacy. Let us examine the consequences of the proposed reorganization.

DIVISION AND CONFUSION

The Stanton report projects the new Information and Cultural Affairs Agency as a clearly separate and autonomous entity which should be detached from the day-to-day conduct of foreign policy. This concept of the new Agency and its stated purpose raises some serious questions. How much would mutual understanding be worth if the current problems and day-to-day issues which form much of the substance of relations between countries are intentionally avoided? Is there not real danger that the programs of ICA would lack substance and realism, would not be taken seriously and might well be regarded by the taxpayers as unnecessary luxuries? The public would be justified in questioning whether they should be paying for programs that are so insulated from American policy. Our information and cultural programs should be coordinated with U.S. policy, and the agency which runs them should have close and cooperative relations with the White House and the Department of State.

As a basic part of the effort to support U.S. foreign policy USIA has, over the past 2 years, made a concerted effort to improve communication, coordination, and cooperation with the Department of State. USIA now has a close

working relationship with those in the executive branch who formulate and enunciate foreign policy. Agency officers at all levels are in close touch with their counterparts in the Department of State on matters concerning the dissemination of information about U.S. foreign policy. We are in regular liaison with the NSC staff, the Defense Department, and the Department of Commerce. Overseas, the public affairs officer plays a coordinated role as a member of the Embassy country team and as an advisor to the Ambassador in matters concerning the public explanation of U.S. policy. In planning and carrying out the USIS program, the PAO acts under the direct supervision of the Ambassador. USIS programs are Embassy programs.

The Agency does not—in fact, could not—rely only on its own personnel and resources to convey the complex message of America to foreign audiences. Directly or indirectly, we call on all the talent and intellect of America to tell what America stands for, how it got that way and how it is changing. Leading American authorities from the Government, academic, business, artistic, labor, and professional communities are regularly drawn upon for articles for Agency publications, for lectures and seminars overseas, and for interviews for radio broadcast or on videotape for foreign audiences. Through videotape and electronic circuits when personal appearances are not possible, top officials of the executive branch and members of the Congress are invited to explain American policies and the working of the American system to high-level audiences abroad and join with them in discussion of issues.

While seeming to ignore the Agency's present use of outside resources, the Stanton proposal urges a new reliance on the public sector for program resources with a consequent reduction in Agency media production. The report specifically mentions that Agency production of motion picture and TV series could be curtailed—private media product acquisition should be strengthened.

In the past 2 years USIA has placed new emphasis on acquisition. During this fiscal year our staff will screen more than 1,700 films to acquire about 170. However, it is unrealistic to expect private sector media to do the work of USIA. That is not their mission. By their very nature, private sector media emphasize the special, the extreme, the controversial, the negative. The problem is illustrated by the fact that the film which won this year's Oscar as the best documentary is, in effect, a stunning piece of anti-American propaganda.

An effort must be made to provide a balance that gives the world a view of the continuing, fundamental, positive and constructive forces that are part of American life. For example, USIA produces two highly-successful film and TV series, "Science Report," portraying the latest American scientific advances, is regularly shown on hundreds of TV stations in 79 countries. "Vision," a film magazine of contemporary American life and personalities, is seen on more than 500 TV stations in 72 countries. Nothing similar to either series is produced commercially. They constitute two-thirds of our agency-produced films. We produce—under contract with private sector film makers—what is not available from other sources.

The Stanton report recommends that the foreign policy information function—the task of explaining U.S. foreign policy to overseas audiences—be transferred to an element within the State Department. USIA would give up its press officers and those elements of its media service whose present job it is to interpret and defend American foreign policy abroad. These people and this function would be merged into an enlarged bureau of public affairs—to be known as the Office of Policy Information—which would deal both with the U.S. press and with the foreign media. This would combine domestic public information and overseas information in a single office—a departure from established policy and from the original intent of the Congress. Some important activities which now enjoy an appropriately high priority within USIA would be submerged as minor activities within the large structure of the State Department. It is only logical to assume that the work of explaining U.S. policies to foreign audiences would have a much lower priority under the proposed structure than it does now in USIA, which is both more interested and professionally better prepared to do the job.

Under the present structure USIA carries out in the field the cultural and exchange programs of the State Department. While the Stanton report says that its proposed reorganization would combine presently fragmented programs, the result overseas would be to divide programs that are now unified. A major problem would develop abroad where the position of the public affairs officer

who now coordinates the activities of the press and cultural sections as a key member of the Ambassador's team would be abolished. The two sections would be completely separate and independent from each other, and would receive instructions from and report to two different agencies in Washington. A divided field operation would reduce mission effectiveness in utilizing and coordinating all the information and cultural tools available in support of mission objectives. The effect of the proposed reorganization would be to export the artificial division that now exists in Washington.

As you may know, the American Foreign Service Association, representing the career officers in the State Department, AID, and USIA, has come out solidly against the recommendation to split the program into segments of policy information and general information and assign them to separate agencies.

VOICE OF AMERICA

The Presidential directive to the Voice of America charges the VOA with three tasks: To serve as a reliable, objective source of news; to present U.S. policy; and to portray American society. The Stanton proposal would detach the Voice from other information and cultural activities and set it up as a separate agency under a board of overseers. The intention conveyed by the Stanton report is to insulate the Voice of America from Government policy to the greatest degree possible.

It is true that the requirements of VOA's several tasks are complex. Comprehensive news coverage—which is a part of VOA's mission—is sometimes not the best diplomacy. But this inherent fact is nothing that can be removed by reorganizational sleight of hand. Making the Voice a separate agency will exacerbate the problem, not resolve it. As Henry Loomis, former VOA Director, ex-Deputy Director of USIA, and now President of the Corporation for Public Broadcasting, wrote: "The Voice should remain within the Agency. * * * What the Director of the VOA needs is strong support in resisting undue and unwarranted pressure and yet recognizing and being responsive to constructive suggestions. The mechanism of the Director of the Information Agency plus the policy mechanism, area directors and so forth, provide a pretty good shield. It is not perfect * * * but it has worked surprisingly well over the years."

A serious problem in a separate Voice of America as envisioned by the Stanton panel is this: With a less closely felt need to serve the national interest, it could—like much of the private sector media—project too little of the basic, long-range side of American life and too much of the transitory. The result could well be a situation in which American taxpayers' money would be spent on a broadcasting service which would devote too much of its time telling the rest of the world the worst about America.

The establishment of the VOA as a separate agency under one more Presidentially appointed board would add significantly to its present operating expenses. USIA budget and administrative experts have looked into this and have concluded that to set up the support elements now provided by USIA—for example, a budget and finance unit, administrative services, security office training, audience research, inspection and audits, legal services, the new Executive Director, and a secretariat—would involve the addition of approximately 200 people to the VOA staff. While some of this support would be transferred from USIA the review indicates that this would result in added costs of several million dollars annually. Thus the present VOA budget of about \$62 million would have to be augmented substantially just to continue the present level of programming. The only alternative would be to sharply reduce the Voice of America.

CONCLUSION

The Stanton proposals would complicate the problems of the congressional committees that oversee the information and cultural programs. Appropriations for these programs would be scattered among three agencies, making it difficult to know exactly how much was actually being spent by the U.S. Government for information, cultural, and educational exchange activities.

Just as "information," "culture," and "education" are not separable and mutually exclusive, neither should the so-called fast media be divorced from long-range information efforts. All are valuable tools in what should be a unified, coherent, continuing effort of our Government to communicate with people abroad. Similarly, the function of interpreting U.S. foreign policy should not be

seen as something apart from the effort to promote mutual understanding. These functions are not mutually exclusive; they are complementary and support one another.

To be effective these activities must be planned and carried out as coordinated elements of a unified program operating under a coherent plan. Under the Stanton proposals there could be no central planning and coordination for there would be no central management. The proposed reorganization would fragment rather than consolidate and thereby weaken rather than strengthen. It would result in confusion, disruption, and division of purpose. It is reasonable to expect that it would cost more rather than less.

There is no perfect structure for the complex mission of public diplomacy. The most effective arrangement, in my opinion, would be to consolidate the elements of our overseas communications program into one unified agency. We should unite the programs of the State Department's Bureau of Educational and Cultural Affairs and USIA in a new and strong agency with direct policy ties to the White House and the Department of State, with close communication with other branches and departments of the Government and continuing responsiveness to congressional oversight. One strong agency would insure that our efforts are coordinated in support of the national interest and that the United States would have the effective public diplomacy that the times require.

In forming the views I am expressing to this committee about the proposed reorganization of the U.S. structure for public diplomacy, I have been impressed by the views of a number of people who have had long and close interest in the subject. I have already mentioned Henry Loomis. I should also mention former Secretary of State Dean Rusk; Ambassador Edmund A. Gullion, dean of the Fletcher School of Law and Diplomacy and retired career minister, who as a member of the Stanton panel wrote a strong dissent from its report; Leonard Marks, former Director of USIA and now Chairman of the U.S. Advisory Commission on International Education and Cultural Affairs, a member of the Stanton panel who did not concur in the report; George Meany, president of the AFL-CIO; columnist Carl Rowan, a former Director of USIA and former high official of the State Department; Representative John Slack, chairman of the House Appropriations subcommittee which oversees the State Department and USIA; Elmer Staats, Comptroller General of the United States; J. Leonard Reinsch, chairman of Cox Cable Communications, Inc., a member of the U.S. Advisory Commission on Information, and of the Stanton panel; and leaders of both the American Federation of Government Employees and the American Foreign Service Association. All have indicated substantial objections to the Stanton recommendations and I would hope that the congressional committees that consider this matter will have the benefit of their opinions.

PROPOSED CHANGE IN STATUS OF VOA

Mr. SLACK. Mr. Keogh, as I understand it, under this proposal insofar as the Voice of America is concerned, it would be an independent agency run by a public board; is that right?

Mr. KEOGH. That is correct.

Mr. SLACK. How many members would comprise the Board?

Mr. KEOGH. The makeup of the Board would be five members, three from the public sector and two from the structure of the Department of State. One of two would be the head of the new agency proposed by the Stanton report, the Information and Cultural Affairs Agency, which would be structured under the State Department in the pattern of the Arms Control and Disarmament Agency or AID. The other would be a new Deputy Under Secretary of State for Press and Public Affairs, a position that would be created under the plan proposed in the Stanton report.

Mr. SLACK. You would have the majority of the Board from the private sector; namely three; and two would be Government employees. Is that correct?

Mr. KEOGH. That is correct.

Mr. SLACK. It is proposed that this program be funded at the taxpayers' expense; is that right?

Mr. KEOGH. Yes; that is correct.

Mr. SLACK. Are there other questions with regard to the general statement of the Director?

Mr. Flynt?

Mr. FLYNT. If it would be appropriate at this time, I have a question on Mr. Keogh's statement on the recommendations of the Stanton panel.

CONSOLIDATION OF EDUCATIONAL AND CULTURAL ACTIVITIES

Mr. FLYNT. Mr. Keogh, I have not read your entire statement on the recommendations of the Stanton panel, but I commend you for that portion which I have read. I think that that portion indicates that you accepted criticism where criticism was appropriate, that you certainly accepted constructive criticism. I think that should be the objective of all of us in whatever segment of the Government we serve. And when constructive criticism is properly directed, to respond affirmatively as you have done to such recommendations. I am using the word "recommendations" instead of even constructive criticism. I certainly concur with your statement that you are in agreement with the idea of incorporating into the present operations of the U.S. Information Agency those functions which are now performed in and administered by the Bureau of Education and Cultural Affairs.

Having made that statement, do I understand your statement says that you do concur with that?

Mr. KEOGH. Yes, Mr. Flynt. We feel that the division now between USIA and CU in Washington is an artificial division. We are not complaining about it. We work at it as it is, and we think we make it work pretty well. However, it is an artificial division, and those two functions in Washington we feel really should be joined.

Mr. FLYNT. That artificial division should be removed?

Mr. KEOGH. The artificial division should be removed, exactly.

Mr. FLYNT. I wonder if you arrived at this conclusion following your recent tour of missions abroad?

Mr. KEOGH. It is a conclusion that has been developing in my mind ever since I first began to be active in USIA as I examined how the process worked.

Mr. FLYNT. Do you feel that a juncture and a joining of these two functions into one agency would strengthen both?

Mr. KEOGH. I believe it would indeed strengthen both, strengthen the mission we are trying to carry out.

Mr. FLYNT. I wish you would expand on your answer to that for the record.

MERITS OF MERGING FUNCTIONS OF USIA AND CU

In the early 1950's the U.S. overseas information, cultural and educational exchange programs were part of one organization. In 1953, most of these functions were placed under USIA which was established as an independent agency. Responsibility for the educational exchange program and part of the cultural programs was retained in the State Department, although these programs were and continue to be administered overseas by USIA. This rather arbitrary division

was more the result of political accident than logic, and the present awkward structure—divided in Washington but united abroad—has been made to work well in spite of the organizational separation rather than because of it.

Most everyone agrees that these programs should be united in one organization in Washington as they are in fact overseas. The various information, cultural, and educational activities of State and USIA are neither separable nor mutually exclusive. They are all valuable tools in what should be a unified, coherent, continuing effort of our Government to communicate with people abroad. To be most effective they should be planned and carried out as co-ordinated elements of a unified program operating under a coherent plan. We feel that responsibility for and direction of these important programs as well as all other operating elements in the field of public diplomacy, should be consolidated in one strong agency. That agency should have direct policy ties to the White House and the Department of State, with close communication with other branches and departments of government and continuing responsiveness to Congressional oversight. This would be administratively more efficient, would reduce chances for the occasional organizational and operational conflicts, and would ensure that all efforts are closely coordinated in support of the national interest.

My next question is, have you found in your official inspection visits to USIS installations in operations in other countries that in the view of the citizens and governments of the host country that they view the CU activities literally as a part of USIS functions even though it is technically separated by this artificial barrier that you previously described?

Mr. KEOGH. Yes, sir, that is correct. Actually, in the field they do operate as a unit. In the field USIA handles the CU programs so that actually there is no distinction, and I believe it operates well under the present structure in the field under the direction of the Ambassador and the Public Affairs Officer. There is no distinction drawn by the people who are in the audience.

Mr. FLYNT. Would you say that a cohesiveness of operations abroad is sometimes hampered by separate, not necessarily conflicting, but separate instructions from USIA in Washington and from the CU in Washington?

Mr. KEOGH. Yes, I believe that is true. However, I do want to again add that I think we are making this work quite well despite this artificial division. I do not want to sit here and complain about CU's operations or the directions that they send out. I do think it is a cumbersome and artificial division.

Mr. FLYNT. Thank you very much. I may have some questions later.

Mr. SLACK. Mr. Early.

Mr. EARLY. Thank you, Mr. Chairman.

Mr. Keogh, I want to commend you for your statement. During my short 4 months as a Member of Congress this is the first statement that seems to adapt to the situation and to the changes we have in foreign policy. For that I think you are to be commended. I think it is a statement that has more accountability to the people than any of the statements that I have heard to date.

RADIO CONSTRUCTION REQUEST

There are two points I would like to have clarified from your statement. The request for construction of \$10,135,000, where would that construction be located?

PHILIPPINES PROJECT

Mr. KEOGH. Most of that construction would be in the Philippines where we have now a large transmitter complex and antenna field at Tinang. We propose to augment that with four additional transmitters, and our particular reason for wanting to do that at this time is that we are about to lose our transmitting capability on Okinawa as a result of the Okinawa Reversion Agreement. The transmitter we have there can no longer be used after 1977.

Mr. EARLY. With the political uncertainty and with the statements that are coming out of the Philippines, I think that I would have some reservations about any major construction there.

Mr. KEOGH. We have given very careful consideration to that and before we decided to propose the additional construction in the Philippines we examined other possibilities throughout that part of the world and came finally to the conclusion that the best, most viable and, in a sense the only course for us that made economic sense at this point was to augment the Philippines facility.

I share your concern about the attitudes now in that part of the world and in the Philippines. However, studying very carefully what has been said by officials of the Philippine Government, we feel that this augmentation of our facility, which we can carry out without any additional agreement with the Philippines, would be a positive factor in our relationship. It is not a military installation. It shows a continued interest by the United States in the Philippines. It gives us an additional importance there, and our analysis is that ultimately it can be a plus rather than a minus in our relationships with the Philippines.

Mr. EARLY. Is that to replace the Okinawa relay station?

Mr. KEOGH. Yes; it is. It does not fully replace the Okinawa relay station because we have a capability on Okinawa we will not have on the Philippines.

Mr. EARLY. Would you supply a statement for the record that would show the consequences of not making that construction today?

Mr. KEOGH. Yes, sir.

Mr. EARLY. What alternatives would you have if you did not construct that particular facility?

Mr. KEOGH. Yes, sir, we will supply that.

[The following information was submitted:]

CONSEQUENCES OF NOT EXPANDING FACILITIES IN THE PHILIPPINES

VOA is seriously deficient in high power shortwave transmitters to handle effectively the present programing level to the critical East Asia area. Of the 26 shortwave transmitters now in use in the area, half are low power units ranging from 15 kw to 50 kw. These units cannot reach the distant and widely dispersed target areas with a consistently reliable and competitive signal. In order to make VOA fully effective throughout East Asia, it is necessary to replace 12 low-power units with modern 250 kw shortwave transmitters. The Philippines project, consisting of four 250 kw transmitters, is proposed as the first increment in this modernization program.

If the project is not approved, VOA programs to the Far East will continue to suffer serious technical deficiencies. The thinning out of presently available high power facilities in order to carry the program load is preventing the VOA

from delivering a strong, competitive signal to the entire Asiatic area on a regular basis. This is a crippling disadvantage in an area where other international broadcasters are increasing the number of their transmitters and their power.

The existing deficiency will be exacerbated when the Okinawa relay station ceases operation in 1977 under terms of the Okinawa Reversion Agreement. At that time VOA will lose not only the three low-power shortwave transmitters located on Okinawa, but one of our higher power shortwave units as well. The 1,000 kw medium-wave transmitter, a principal part of the Okinawa facility, will also close down. At present there is no likely site available for a replacement medium-wave plant.

ALTERNATIVES TO THE PHILIPPINES PROJECT

To meet the already noted shortage of high power transmitters in the Pacific area, serious study has been given to all sites—South Korea, Taiwan, the Philippines, and the Marianas—which are electronically suitable for location of all or part of the facilities needed.

While the Marianas offer political advantages over other locations their distance from Asia makes a facility there somewhat marginal technically. However, cost constitutes the most serious disadvantage to the Marianas site. In particular, the construction costs would be triple that estimated for a comparable facility in the Philippines. The annual operating costs would be the highest in the VOA system.

The existing agreement with the Philippines covers the requested additional transmitters. Thus, the Philippines offers the most economical and readily available choice for at least part of the requirements, and we have proposed in the fiscal year 1976 budget to proceed with the augmentation of our existing station to accomplish this.

VOA LISTENING AUDIENCE

Mr. EARLY. Would you supply for the record the listening audience of the VOA?

Mr. KEOGH. Yes, sir.

[The information requested follows:]

VOA AUDIENCE

The worldwide VOA listening audience was estimated at about 50 million several years ago. That approximation included use of extrapolations from responses to transistor radio contests. Because that method of estimating audience size was open to question, we began a systematic and cyclical audience analysis program which is developing more reliable audience estimates than in the past. However, no alternative worldwide audience estimate, derived from the new procedures, is available.

FOREIGN AUDIENCES TO BE REACHED BY NEW PROGRAMS

Mr. EARLY. On several of the programs which you speak to in your statement, would you give the committee, for the record, some numbers as far as the participation, numbers that are anticipated would be observing these?

Mr. KEOGH. The numbers of people who will see exhibits and participate in other programs?

Mr. EARLY. Right. Break that down for participants in foreign countries other than Americans.

Mr. KEOGH. Yes, sir.

[The information requested follows:]

PARTICIPANTS IN SELECTED AGENCY PROGRAMS

A number of specific programs were mentioned in the Director's opening statement. The following information illustrates the nature and size of the expected participation abroad in several of the programs:

<i>Program</i>	<i>Participation</i>
Bicentennial partnerships-----	30 to 40 foreign organizations.
Bicentennial exhibits-----	Over 1.5 million attendance.
Bicentennial TV salute by satellite-----	Over 100 million viewers.
Expansion of "America Illustrated" magazine.	Circulation up by 20,000 copies per issue.
Branch post, Alexandria, Arab Republic of Egypt.	Primary audience 2,700 persons in government, business, education, culture. Includes selected faculty members, administrators and students of university community approximating 60,000.

Mr. EARLY. Again, Mr. Keogh, I can see with regard to your statement, adjustments as our world situation changes, you are to be commended for that.

Mr. KEOGH. Thank you very much.

NATIONAL SECURITY COUNCIL

Mr. SLACK. Mr. Director, the Director of the U.S. Information Agency is not a permanent member of the National Security Council; is that correct?

Mr. KEOGH. That is correct.

Mr. SLACK. There are occasions when the Director fills a seat on that Council?

Mr. KEOGH. There are occasions when the Director is invited to sit with the National Security Council but, Mr. Chairman, I should say that those occasions are rare.

VOICE OF AMERICA

Mr. SLACK. The Voice of America, as I understand it, reflects the foreign policy of this country as it relates not only to the Department of State, but also the Department of Agriculture, Department of Defense, Department of Commerce, and other agencies of the Government?

Mr. KEOGH. Yes, it does.

Mr. FLYNT. Mr. Keogh, I want to add to the remarks I made a while ago. I want to commend you on the direction and guidance that you are giving to the Agency and also for the prepared statement which you presented to us today as well as your comments on recommendations of staffing patterns.

SALARIES AND EXPENSES

The first of the four items is entitled, "Salaries and Expenses." It is found on page 484 of the committee print. At this point we will insert in the record the summary page from the justifications, plus pages 2-1 through 21-7 of the justifications.

[The justification pages referred to follow:]

U. S. INFORMATION AGENCY
SALARIES AND EXPENSES (DOLLAR AND SPECIAL FOREIGN CURRENCY)

Statement Relating Appropriation Estimates to Current Appropriations

	<u>Dollars</u>	<u>Foreign Currency</u>	<u>Total</u>
1974 Appropriation	\$ 203,969,198	\$ 6,000,000	\$ 209,969,198
1975 Original Budget Estimate	222,091,000	9,377,000	231,468,000
1975 Budget Estimate (includes proposed Pay Act supplemental of \$3,828,500)	225,919,500	9,377,000	235,296,500
1975 Appropriation (includes proposed Pay Act supplemental of \$3,828,500)	222,290,500	8,377,000	230,667,500
<u>Adjustments to Continue 1975 Program in 1976 and to Reach 1976 Estimate:</u>			
1. <u>Salary and Cost Adjustments to Continue 1975 Program in 1976:</u>			
a. Within-grade salary advancements:			
(1) Domestic and overseas American employees	701,281	—	701,281
(2) Local employees	622,639	48,259	670,898
(3) Shared administrative support	84,380	9,660	94,040
Sub-total, Within-grades	<u>1,408,300</u>	<u>57,919</u>	<u>1,466,219</u>
b. Wage scale increases - direct Agency operations (See Note 1)	5,703,650	345,355	6,049,005
c. Cost increases - direct Agency operations (See Note 2)	5,877,092	848,326	6,725,418
d. Wage and cost increases - administrative support account (See Note 3)	2,893,614	166,390	3,060,004
e. Additional extra day's pay in excess of 52 weeks and full-year costs of October 1974 Federal pay raise and PI-1975 wage-board rate increases	2,340,869	15,301	2,356,170
f. Net savings from position changes in 1975 (See Note 4)	-1,004,314	9,581	-994,733
g. Added rental payments to General Services Administration to continue current level of space at domestic locations (See Note 5)	1,944,015	—	1,944,015
h. Restoration of employment, overseas renovations, and program support costs to normal level in 1976 (See Note 6)	2,773,804	—	2,773,804
i. Net change in other costs of continuing programs (See Note 7)	-185,830	-20,157	-205,987
Total, Salary and cost adjustments	<u>21,751,270</u>	<u>1,422,715</u>	<u>23,173,915</u>

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SALARIES AND EXPENSES (DOLLAR AND SPECIAL FOREIGN CURRENCY)

	<u>Dollars</u>	<u>Foreign Currency</u>	<u>Total</u>
2. <u>Changes in Foreign Currency Balances Available (See Note 8)</u>	\$ --	\$ 826,346	\$ 826,346
Total net adjustments to continue 1975 program in 1976	21,751,200	2,249,061	24,000,261
Total adjusted amount to continue 1975 program in 1976	244,041,700	10,626,061	254,667,761
3. <u>Program Changes Proposed in 1976:</u>			
a. Establishment of USIS post in Alexandria, Arab Republic of Egypt, and expansion of program support in Abu Dhabi, United Arab Emirates (7 positions)	95,504	99,441	194,945
b. Establishment of USIS post in Kiev, USSR, and expansion of circulation of America Illustrated magazine (1 position)	337,830	--	337,830
c. Programs in support of American Revolution Bicentennial	1,669,000	--	1,669,000
d. Rental and related costs for added office and studio space in Washington, D. C., for the Voice of America	866,897	--	866,897
e. Supervisory staff for Far East radio construction project (4 positions)	74,565	--	74,565
f. Added area and language training programs (4 man-years)	95,030	--	95,030
g. Increased funds for representation and entertainment in the U.S. .	52,500	--	52,500
h. Increased support for proposed increase in the Department of State's Exchange of Persons Program (See Item 4 below)	193,000	26,000	219,000
i. Program offsets in Professional and Technical training programs, VOA staff, and USIS staff (reduction of 16 positions)	-249,026	-17,502	-266,528
Total, Program Changes	3,135,300	107,939	3,243,239
4. <u>Change in Agency Program Reimbursement (See Item 3.b. above)</u>	-193,000	-26,000	-219,000
TOTAL, 1976 ESTIMATE	246,984,000	10,708,000	257,692,000

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SALARIES AND EXPENSES (DOLLAR AND SPECIAL FOREIGN CURRENCY)

Note 1 - The total of \$6,049,005 consists of projected costs in 1976 for the items identified below. Explanations of these items are contained in the justification sections of the elements concerned.

	Dollar Account	Foreign Currency	Total
a. Full-year costs of 1975 local employee wage scale increases ...	\$ 1,827,259	\$ 84,239	\$ 1,911,498
b. Local employee wage scale increases anticipated to take effect in 1976	3,764,357	240,028	4,004,385
c. Local employee promotions	171,034	22,088	193,122
d. Increase in reimbursements partially offsetting above increases	<u>-59,000</u>	<u>-1,000</u>	<u>-60,000</u>
Net total, wage scale increases for direct Agency Operations	5,703,650	345,355	6,049,005

Note 2 - The total of \$6,725,418 consists of projected cost increases in 1976 for the items identified below. Explanations of these items are contained in the justification sections of the elements concerned.

	Dollar Account	Foreign Currency	Total
a. Full-year costs of 1975 price increases for overseas services, materials, equipment, travel and shipping	1,276,890	272,772	1,549,662
b. Overseas cost increases anticipated to take effect in 1976	4,703,057	578,554	5,281,611
c. Increase in reimbursements partially offsetting above increases	<u>-102,855</u>	<u>-3,000</u>	<u>-105,855</u>
Net total, cost increases for direct Agency operations ...	5,877,092	848,326	6,725,418

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SALARIES AND EXPENSES (DOLLAR AND SPECIAL FOREIGN CURRENCY)

Note 3 - The total of \$3,060,004 in the shared administrative support account consists of projected cost increases in 1976 of the items identified below.

	<u>Dollar Account</u>	<u>Foreign Currency</u>	<u>Total</u>
a. Local employee wage scale increases which have occurred or are anticipated	\$ 1,425,786	\$ 45,152	\$ 1,470,938
b. Local employee promotions	56,400	2,700	59,100
c. Increases which occurred or are anticipated in the costs of overseas services, materials, equipment, travel and shipping	1,446,586	118,538	1,565,124
d. Increase in reimbursements partially offsetting above increases	-35,158	—	-35,158
Net total, administrative support wage and cost increases.	2,893,614	166,390	3,060,004

Note 4 - The net savings of \$994,733 from position changes in 1975 result from non-recurring costs of positions eliminated in 1975 offset in part by added costs in 1976 for positions added in 1975 and funded for part of that year. These changes are:

	<u>Dollar Account</u>	<u>Foreign Currency</u>	<u>Total</u>
a. Non-recurring cost of positions eliminated during 1975	-1,526,198	-5,233	-1,531,431
b. Cost of positions added, funded for part of 1975	521,884	14,814	536,698
Net savings	-1,004,314	9,581	-994,733

Note 5 - The General Services Administration (GSA) has notified the Agency to budget for an increase of \$1,944,015 in 1976 for existing space currently occupied by the Agency at domestic locations. This increase results primarily from a new space assignment data system developed by GSA for 1976 which reclassifies Agency space under higher rate categories.

Note 6 - In FY 1975, the Agency had to reprogram substantial sums to meet wage, fuel, power and other cost increases which were in excess of the inflationary estimates included in the regular FY 1975 budget estimates. The Agency funded these cost increases by imposing a hiring freeze, by deferring major overseas space renovation and relocation projects and the purchase of equipment and supplies, by deferring assignment and temporary duty travel, and by implementing other program reductions, including staff cuts. The reductions in travel expenses were effected

SALARIES AND EXPENSES (DOLLAR AND SPECIAL FOREIGN CURRENCY)

primarily to meet the travel limitations imposed by Section 205, Public Law 93-255, December 27, 1974. The Agency is requesting partial restoration for some of these items as indicated below:

	Dollar Account
a. Restoration of employment to normal level in 1976	\$ 1,075,930
b. Overseas space renovation and relocation projects	1,125,968
c. Travel, supplies, equipment, and other program support deferrals	<u>571,906</u>
Total, restoration requested	2,773,804

Note 7 - The net decrease of \$185,830 in the dollar appropriation represents other net built-in changes in 1976 related to continuing the 1975 program, exclusive of other amounts identified in the tabular statement. Included are full-year savings of program decreases effected in 1975, mainly in Thailand, Viet-Nam, Burundi, and the Voice of America; savings from cost reductions related to transmission of radio broadcasts to West Coast stations by Westar satellite in lieu of land lines; and to motor vehicle inventory changes substituting less costly passenger vehicles for other vehicles; non-recurring costs of multi-year leases in East Asia and Pacific and Africa; non-recurring set-up costs for the new cultural and information centers in Bratislava and Sarajevo; and other built-in decreases. These reductions are partially offset by full-year costs of new operations in East Berlin, Lourenco Marques, Abu Dhabi, Bratislava, and Sarajevo; renewal of multi-year leases in East Asia and Pacific and Africa; increased dependents educational travel; and other built-in increases.

The net decrease of \$20,157 in the foreign currency appropriation represents other net built-in changes in 1976 exclusive of other amounts identified in the tabular statement, primarily for net non-recurring costs of renovation and multi-year leases in North Africa, Near East, and South Asia.

Note 8 - There is an increase of \$226,346 in the appropriated amount required to continue programs in 1976 as a result of decreased availability of foreign currency balances to be applied in 1976. The change in foreign currency balances available for application to programs is derived as follows:

<u>Special Foreign Currency</u>	<u>1975</u>	<u>1976</u>	<u>Change</u>
	<u>Estimate</u>	<u>Estimate</u>	
Unobligated balance brought forward, start of year	\$ 826,346	\$ —	\$ -826,346
Recoveries of prior obligations	150,000	150,000	—
Unobligated balance carried forward, end of year	<u>976,346</u>	<u>150,000</u>	<u>-826,346</u>
Balances applied to program during year			

SALARIES AND EXPENSES

Explanation of Language Changes

Change No. 1 - Change in appropriation request for fiscal year 1976

The appropriation request for fiscal year 1976 is \$246,984,000, an increase of \$24,693,500 over the amount appropriated to date for 1975 plus the proposed 1975 Pay Act supplemental estimate. This request excludes amounts necessary to continue Agency activities during the new budget cycle transition period (July 1, 1976 to September 30, 1976). Amounts required for this purpose are reflected under the tab marked "Request for Transition Period (7/1/76 to 9/30/76)" which appears at the end of these presentation materials.

Change No. 2 - Change in limitation amount for entertainment in the United States

A total of \$3,000 is requested for entertainment in the United States, an increase of \$2,500 over the amount available during the current year. The increase in this limitation, which has remained at \$500 since 1958, will provide funds to meet the considerable requirements for official entertainment made upon the Director, the Deputy Director, the staff of the Agency's Foreign Correspondents Centers and other officers of the Agency. These officials meet with foreign journalists, visiting foreign officials, media and other officials interested in and important to Agency operations. For years, Agency officers have invested significant sums of their own to establish and maintain these contacts. The requested increase will offset some part of these personal expenditures and enable Agency officials to develop broader program contacts, particularly among foreign journalists in Washington and New York.

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Change No. 3 - Change in limitation amount for representation

A total of \$200,000 is requested for representation allowances, an increase of \$50,000 over the amount available during the current year.

The Agency's overseas representation limitation remained unchanged at \$110,000, from 1962 through 1973. During this period, the relative costs of services, food, and refreshments overseas climbed steadily upward, with significant acceleration occurring in 1972 and 1973 as a result of the devaluation of the dollar. These cost increases reduced the number of representational functions that could be funded by the Agency, and sharply increased the amounts that USIS officers had to pay from their personal funds (from \$75,000 in 1962 to \$190,000 in 1973). The limitation was increased by \$25,000 in 1974 and by another \$15,000 in 1975. However, these increases were required to meet the inflationary cost increases occurring in these two years, and USIS officers still had to use approximately \$190,000 in personal funds in 1974 for representational functions, with a similar out-of-pocket expense projected for 1975.

Explanation of Language Changes

The increase of \$50,000 in the limitation in 1976 is requested to provide \$21,660 to cover anticipated cost increases in 1976 and the balance to relieve the continuing burden imposed on the personal funds of USIS officers.

Change No. 4 - Change in passenger vehicle inventory

In 1976, authority is requested to purchase 70 additional passenger vehicles to reduce overall vehicle replacement costs, fuel consumption, and to recognize vehicle usage changes.

These additional passenger vehicles will be used to replace higher horsepower jeeps, carryalls, sedan deliveries, and other non-passenger vehicles in the USIS vehicle fleet that are scheduled to be replaced in 1976. Since the average purchase price is significantly lower for passenger vehicles, the Agency will save approximately \$72,000 in purchase costs in 1976 as a result of this change. Additional savings are expected to accrue in subsequent years as a result of lower operating costs principally in fuel consumption.

Change No. 5 - Change in price limitation for right-hand drive passenger vehicles

This change provides authority to purchase right-hand drive passenger vehicles at prices in excess of the price limitations established by law for basic sedans (\$2,100) and station wagons (\$2,400), 31 U.S.C. 638c, for overseas posts located in "left rule-of-the-road" countries. Right-hand drive vehicles are necessary in 20 countries which require such vehicles by law (without diplomatic exemption) or prefer them for reasons of safety, maintenance, and availability of parts. The General Services Administration indicated in its letter dated March 20, 1974, that all efforts to obtain right-hand drive passenger vehicles for overseas use at established prices have failed because the bidders contend they cannot offer the vehicles under the price limitation.

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UNITED STATES INFORMATION AGENCY

General Statement

Salaries and Expenses Appropriations, 1976

The 1976 request for the combined dollar and foreign currency Salaries and Expenses Appropriations totals \$257,692,000, a net increase of \$27,024,500 over the estimated appropriation for 1975. The total net change in appropriations consists of an increase of \$24,000,261 to meet net additional costs for the staff and programs that will continue in effect throughout 1976. Net program changes of \$3,024,239 are also requested to provide \$385,173 and 8 positions for the establishment of new posts in Alexandria, Arab Republic of Egypt, and Kiev, USSR; \$147,602 for expansion of the circulation of "America Illustrated" Magazine in the USSR and program support in Abu Dhabi, United Arab Emirates; \$1,669,000 for programs in support of the American Revolution Bicentennial; \$866,897 for added office and studio space in Washington, D. C., for the Voice of America; \$74,565 and 4 positions related to the Far East radio construction project; \$95,030 for 4 additional man-years of area and language training; and an increase of \$52,500 in funds for representation (\$50,000) and entertainment in the United States (\$2,500) to offset continuing cost increases for conducting representational functions. These program increases are partially offset by program decreases of \$92,560 from a reduction of 4 man-years for professional and technical training programs; \$96,925 from the elimination of 4 VOA positions; and \$77,043 from the elimination of 8 positions in India, Pakistan, and Morocco.

In addition, an increase of \$219,000 and 16 positions will be required for added support to the Exchange of Persons Program in connection with the budget increase proposed by the Department of State. This increase will be fully offset by increased reimbursements to the Agency from the Department of State.

The major elements of change making up the increase of \$24,000,261 in the cost of continuing staff and program levels are:

1. Direct wage-scale increases overseas, \$6,049,005;
2. Direct cost increases overseas, \$6,725,418;
3. Wage-scale and cost increases overseas in the administrative support account, \$3,060,004;
4. Within-grade salary advancements, \$1,466,219;
5. Additional day's pay in excess of 52 weeks and full-year cost of the October, 1974 Federal pay raise and FY 1975 wage-board rate increases, \$2,356,170;
6. Added rental payments to GSA resulting from implementation of new systems developed by GSA to measure and classify existing space and establish new quality ratings for buildings currently occupied by USIA, \$1,944,015;

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General Statement

7. Restoration of domestic employment, overseas renovations, and other program support costs to normal levels in 1976, \$2,773,804;
8. Increase of \$826,346 to offset a decrease of prior-year foreign currency balances available for application to program funding in 1976;
9. Savings in 1976 resulting from net staff reductions of 216 in 1975, -\$94,733; and
10. All other changes in requirements for continuing activities, resulting in a net decrease of \$205,987.

The details of the budget request which follow assume a supplemental appropriation of \$3,828,500 in 1975 for costs of the Federal pay raise enacted in October, 1974 and for increases in wage-board rates authorized in FY 1975.

The table which follows combines dollar and foreign currency obligations to show the distribution of total funds by major program products and services for all three years in the budget.

UNITED STATES INFORMATION AGENCY

Distribution of Obligations and Estimates by Media Activities, Products and Services
Fiscal Years 1974, 1975 and 1976
 (in thousands)

	Fiscal Year 1974 Actual			Fiscal Year 1975 Estimate			Fiscal Year 1976 Estimate			Increase or Decrease (-)		
	USIS Mission Cost	Domestic Support Activities	Total	USIS Mission Cost	Domestic Support Activities	Total	USIS Mission Cost	Domestic Support Activities	Total	USIS Mission Cost	Domestic Support Activities	Total
I. RADIO ACTIVITIES												
Production and Placement of Radio Programs on Foreign Stations	\$ 304	\$ 532	\$ 836	\$ 306	\$ 484	\$ 790	\$ 353	\$ 485	\$ 838	\$ 47	\$ 1	\$ 48
Direct Broadcasting	785	14,682	15,467	861	16,567	17,428	934	18,043	18,977	73	1,476	1,549
Salaries, Travel, and Undistributed Costs	1,773	37,131	38,904	1,918	40,194	42,112	2,200	42,596	44,796	282	2,402	2,684
Total	2,862	52,348	55,207	3,085	57,245	60,330	3,487	61,124	64,611	402	3,879	4,281
II. PRESS AND PUBLICATIONS ACTIVITIES												
Material for Foreign Publication (Production and Placement of Material)	1,472	1,158	2,630	1,560	1,121	2,681	1,787	1,141	2,928	227	20	247
Production and Distribution of Periodicals	2,036	1,015	3,051	2,213	1,184	3,397	2,521	1,186	3,707	308	2	310
America Illustrated	--	1,501	1,501	--	1,655	1,655	--	1,872	1,872	--	217	217
Pamphlets, Leaflets, Posters and Photo Displays (Production and Distribution)	570	1,449	1,999	536	1,349	1,885	605	1,391	1,996	69	42	111
Salaries, Travel, and Undistributed Costs	12,116	7,555	19,671	13,351	8,243	21,594	15,287	8,737	24,024	1,936	696	2,430
Total	16,194	12,658	28,852	17,660	13,552	31,212	20,200	14,327	34,527	2,540	775	3,315
III. MOTION PICTURE AND TELEVISION ACTIVITIES												
Production and Acquisition	560	2,984	3,544	573	2,550	3,123	627	3,070	3,697	54	520	574
Adaptation and Distribution	335	1,050	1,385	366	1,231	1,597	415	1,295	1,710	49	64	113
Salaries, Travel, and Undistributed Costs	4,613	6,094	10,707	5,237	6,493	11,710	5,981	6,752	12,733	764	259	1,023
Total	5,508	10,128	15,636	6,256	10,274	16,430	7,023	11,117	18,140	867	843	1,710
IV. INFORMATION CENTER ACTIVITIES - LIBRARIES, EXHIBITS, PRESENTATIONS AND RELATED ACTIVITIES												
Multi-media Program Development	--	622	622	--	835	835	--	1,564	1,564	--	729	729
Exhibits (Construction and Operations)	616	365	981	700	260	960	781	418	1,199	81	158	239

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Book Translation, Publication, and Promotion Programs	628	1,093	1,721	613	939	1,552	673	1,094	1,767	60	155	215
Information Center Operations	6,198	2,012	8,210	6,411	1,773	8,184	7,978	1,899	9,877	1,567	126	1,693
Binational Center Operations Assistance	1,101	225	1,226	1,018	198	1,216	1,026	199	1,225	8	1	9
Binational Center Capital Assistance	85	--	85	215	--	215	650	--	650	435	--	435
Presentations (Books, Newspapers and Related Items)	66	143	209	69	177	246	81	178	259	12	1	13
English-Teaching Programs	272	298	570	208	240	448	232	262	474	24	2	26
Music and Other Cultural Center Activities	2,193	66	2,259	2,472	58	2,530	2,825	58	2,883	353	--	353
Salaries, Travel, and Undistributed Costs	24,270	4,423	28,693	27,035	6,664	31,699	30,499	4,974	35,473	3,464	310	3,774
Total	35,429	9,247	44,676	38,741	9,164	47,885	46,745	10,626	55,371	6,004	1,482	7,486
V. RESEARCH AND ASSESSMENT	539	3,465	4,004	592	3,492	4,084	652	3,552	4,204	60	60	120
VI. PROGRAM DIRECTION, ADMINISTRATION AND RELATED ITEMS												
U.S. Advisory Commission on Information	--	85	85	--	91	91	--	94	94	--	3	3
All Other	22,367	15,975	38,742	23,948	16,237	40,185	26,463	16,773	43,236	2,515	536	3,051
Total	22,367	16,060	38,427	23,948	16,328	40,276	26,463	16,867	43,330	2,515	539	3,054
VII. ADMINISTRATIVE SUPPORT												
Department of State	22,156	2,153	24,309	24,147	2,417	26,564	27,289	2,696	29,985	3,142	279	3,421
General Services Administration	--	--	--	--	4,863	4,863	--	7,674	7,674	--	2,811	2,811
Total	22,156	2,153	24,309	24,147	7,280	31,427	27,289	10,370	37,659	3,142	3,090	6,232
Grand Total	105,055	106,056	211,111	114,329	117,315	231,644	129,859	127,983	257,842	15,530	10,668	26,198
<u>Adjustments to Reach Appropriations and Estimates:</u>												
Retrospective Pay Raise Costs	--	--	907	--	--	--	--	--	--	--	--	--
Add Unobligated Balance Lapping	--	--	107	--	--	--	--	--	--	--	--	--
Add Appropriation Transfer to GSA	--	--	12	--	--	--	--	--	--	--	--	--
Net Foreign Currency Balances Applied	--	--	-2,168	--	--	-976	--	--	-150	--	--	826
Total Appropriations and Estimates	--	--	209,969	--	--	230,668	a/	--	257,692	--	--	27,024
<u>Recapitulation by Appropriation:</u>												
Salaries and Expenses	--	--	203,969	--	--	222,291	a/	--	246,984	--	--	24,693
Salaries and Expenses (Special Foreign Currency Program)	--	--	6,000	--	--	8,377	--	--	10,708	--	--	2,321

a/ Includes proposed Pay Act Supplemental of \$3,828,500.

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U. S. INFORMATION AGENCY

Analysis of Direct Obligations by Activity
Fiscal Years 1974, 1975, and 1976

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
USIS Overseas Missions:				
East Asia and Pacific	\$14,921,037	\$15,851,789	\$17,800,700	\$1,948,911
Africa	7,610,583	8,425,847	9,330,100	904,253
North Africa, Near East, and South Asia ...	7,960,816	9,019,315	10,455,300	1,435,985
Latin America	13,244,249	14,332,487	16,455,900	2,123,413
West Europe	17,325,085	18,582,268	21,159,000	2,576,732
Special Europe	1,445,801	1,699,006	2,257,100	558,094
Soviet Union and East Europe	4,050,010	4,294,475	4,772,000	477,525
World-Wide Mission Costs	9,413,632	9,962,219	10,992,100	1,029,881
Total, USIS Missions	<u>75,971,213</u>	<u>82,167,406</u>	<u>93,222,200</u>	<u>11,054,794</u>
Media Services:				
Press and Publications Service:				
Direct Support to USIS Missions	2,106,825	2,035,128	2,084,061	48,933
Indirect and World-Wide Expenses	<u>10,538,949</u>	<u>11,308,750</u>	<u>12,234,839</u>	<u>726,089</u>
Total, Press and Publications Service .	<u>12,645,774</u>	<u>13,543,878</u>	<u>14,318,900</u>	<u>775,022</u>
Motion Picture and Television Service:				
Direct Support to USIS Missions	1,599,543	1,627,798	1,645,998	18,200
Indirect and World-Wide Expenses	<u>8,529,142</u>	<u>8,646,234</u>	<u>9,470,902</u>	<u>824,668</u>
Total, Motion Picture and Television Service	<u>10,128,685</u>	<u>10,274,032</u>	<u>11,116,900</u>	<u>842,868</u>
Information Center Service:				
Direct Support to USIS Missions	3,841,469	3,394,519	3,617,993	223,474
Indirect and World-Wide Expenses	<u>5,334,939</u>	<u>5,698,193</u>	<u>6,947,007</u>	<u>1,248,814</u>
Total, Information Center Service	<u>9,176,408</u>	<u>9,092,712</u>	<u>10,565,000</u>	<u>1,472,288</u>

Analysis of Direct Obligations by Activity

Fiscal Years 1974, 1975, and 1976

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
<u>Media Services (cont.)</u>				
Broadcasting Service:				
Direct Support to USIS Missions	\$531,882	\$483,728	\$485,328	\$ 1,600
Indirect and World-Wide Expenses;	51,737,059	56,657,531	60,334,072	3,676,561
Total, Broadcasting Service	<u>52,268,941</u>	<u>57,141,239</u>	<u>61,019,400</u>	<u>3,878,161</u>
Total, Media Services	84,219,808	90,051,861	97,020,200	6,968,339
<u>Program Direction and Other Services</u>	19,513,087	19,732,950	20,361,900	628,950
<u>Administrative Support</u>	23,298,059	30,338,283	36,379,700	6,041,417
<u>Retrospective Pay Raise Costs</u>	<u>907,198</u>	--	--	--
Total, Direct Obligations	203,909,365	222,290,500	246,984,000	24,693,500
Add: Unobligated Balance Lapsing	107,172	--	XXX	XXX
Appropriation Transfer to Public Buildings Service, GSA	11,636	--	XXX	XXX
Deduct: Comparative Transfer from Special Foreign Currency	-58,975	--	XXX	XXX
Proposed Pay Act Supplemental	--	-3,828,500	XXX	XXX
Total, 1974 and 1975 Enacted Appropriations	<u>203,969,198</u>	<u>218,462,000</u>	XXX	XXX

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ANALYSIS OF POSITIONS BY ORGANIZATIONAL ELEMENTFiscal Years 1974, 1975, and 1976

<u>USIS MISSIONS - COUNTRY COMPLEMENTS</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>East Asia and Pacific</u>				
Domestic	18	17	17	--
Overseas Americans	172	151	151	--
Local Employees - Regular	962	912	913	1
Foreign Currency	33	33	33	--
Total, East Asia and Pacific	1,185	1,113	1,114	1
<u>Africa</u>				
Domestic	14	14	14	--
Overseas Americans	93	91	91	--
Local Employees - Regular	368	370	370	--
Foreign Currency	4	4	4	--
Total, Africa	479	479	479	--
<u>North Africa, Near East, and South Asia</u>				
Domestic	18	18	18	--
Overseas Americans	126	130	132	2
Local Employees - Regular	394	392	396	4
Foreign Currency	635	603	607	4
Total, North Africa, Near East, and South Asia.....	1,173	1,143	1,153	10
<u>Latin America</u>				
Domestic	17	17	17	--
Overseas Americans	185	174	175	1
Local Employees - Regular	640	640	643	3
Total, Latin America	842	831	835	4

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Analysis of Positions by Organizational Element - Fiscal Years 1974, 1975, and 1976

<u>USIS MISSIONS - COUNTRY COMPLEMENTS</u> - cont.	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
<u>West Europe</u>				
Domestic	15	15	15	--
Overseas Americans	156	156	156	--
Local Employees - Regular	773	753	753	--
Total, West Europe	<u>944</u>	<u>924</u>	<u>924</u>	--
<u>Special Europe</u>				
Domestic	2	2	2	--
Overseas Americans	9	13	13	--
Local Employees - Regular	28	32	32	--
Total, Special Europe	<u>39</u>	<u>47</u>	<u>47</u>	--
<u>Soviet Union and East Europe</u>				
Domestic	15	15	15	--
Overseas Americans	59	61	62	1
Local Employees - Regular	152	151	151	--
Foreign Currency	23	24	24	--
Total, Soviet Union and East Europe	<u>249</u>	<u>251</u>	<u>252</u>	1
<u>World-Wide Complement</u>				
Domestic	7	7	7	--
Overseas Americans	221	221	221	--
Total, World-Wide Complement	<u>228</u>	<u>228</u>	<u>228</u>	--
<u>Total, USIS Missions</u>				
Domestic	106	105	105	--
Overseas Americans	1,021	997	1,001	4
Local Employees - Regular	3,317	3,250	3,258	8
Foreign Currency	695	664	668	4
Total, USIS Missions	<u>5,139</u>	<u>5,016</u>	<u>5,032</u>	16

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Analysis of Positions by Organizational Element - Fiscal Years 1974, 1975, and 1976

<u>MEDIA SERVICES</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Press and Publications Service</u>				
Domestic	362	346	346	--
Overseas Americans	15	14	14	--
Local Employees - Regular	311	296	296	--
Total, Press and Publications Service.	<u>688</u>	<u>656</u>	<u>656</u>	--
<u>Motion Picture and Television Service</u>				
Domestic	258	263	263	--
<u>Information Center Service</u>				
Domestic	199	204	204	--
Overseas Americans	16	15	15	--
Local Employees - Regular	10	10	10	--
Foreign Currency	<u>1</u>	<u>1</u>	<u>1</u>	--
Total, Information Center Service	<u>226</u>	<u>230</u>	<u>230</u>	--
<u>Broadcasting Service</u>				
Domestic	1,371	1,350	1,350	--
Overseas Americans	115	109	109	--
Local Employees - Regular	815	798	798	--
Foreign Currency	<u>2</u>	<u>2</u>	<u>2</u>	--
Total, Broadcasting Service	<u>2,303</u>	<u>2,259</u>	<u>2,259</u>	--
<u>Total, Media Services</u>				
Domestic	2,190	2,163	2,163	--
Overseas Americans	146	138	138	--
Local Employees - Regular	1,136	1,104	1,104	--
Foreign Currency	<u>3</u>	<u>3</u>	<u>3</u>	--
Total, Media Services	<u>3,475</u>	<u>3,408</u>	<u>3,408</u>	--

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Analysis of Positions by Organizational Element - Fiscal Years 1974, 1975, and 1976

<u>PROGRAM DIRECTION AND OTHER SERVICES</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Office of Director	37	34	34	--
Office of Policy and Plans	69	65	65	--
Office of Research				
Domestic	103	100	100	--
Overseas Americans	1	1	1	--
Local Employees - Regular	1	1	1	--
Total, Office of Research	105	102	102	--
Office of Equal Employment Opportunity	4	5	5	--
Office of the General Counsel	18	18	18	--
Office of Public Information	11	11	11	--
U.S. Advisory Commission on Information	3	3	3	--
Office of Security	57	55	55	--
Office of Personnel and Training	119	114	114	--
Office of Administration and Management				
Domestic	385	375	375	--
Overseas Americans	5	5	5	--
Local Employees - Regular	1	1	1	--
Total, Office of Administration	391	381	381	--
<u>Total Program Direction and Other Services</u>				
Domestic	806	780	780	--
Overseas Americans	6	6	6	--
Local Employees - Regular	2	2	2	--
Total, Program Direction & Other Services.	814	788	788	--

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Analysis of Positions by Organizational Element - Fiscal Years 1974, 1975, and 1976

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>TOTAL, REGULAR APPROPRIATION</u>				
Domestic	3,102	3,048	3,048	--
Overseas Americans	1,173	1,181	1,145	4
Local Employees - Regular	4,455	4,356	4,364	8
Total, Regular Appropriation	8,730	8,545	8,557	12
<u>SPECIAL FOREIGN CURRENCY APPROPRIATION</u>				
Local Employee Positions	698	667	671	4
Combined Grand Total 1/	9,428	9,212	9,228	16

1/ Totals shown on this line include position equivalents funded from reimbursements received by the Agency, principally from the Department of State in connection with the conduct of the Exchange of Parsons Program overseas, as follows: Fiscal Year 1974: 93 overseas Americans, 169 local employees; total 262. Fiscal Year 1975: 93 overseas Americans, 170 local employees; total 263. Fiscal Year 1976: 97 overseas Americans, 182 local employees; total 279.

UNITED STATES INFORMATION AGENCY

SALARIES AND EXPENSESSummary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975, and 1976

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
<u>10 Personnel Compensation and Benefits</u>								
<u>11 Personnel Compensation</u>								
<u>Full-time Permanent:</u>								
Departmental	3,102.0	\$ 55,337,822	3,048.0	\$ 58,071,528	3,048.0	\$ 58,509,495	--	\$ 437,967
Overseas Americans	1,173.0	26,648,335	1,141.0	27,812,587	1,145.0	28,125,811	4.0	313,224
Overseas local	4,455.0	25,034,369	4,356.0	29,221,808	4,362.0	35,064,527	8.0	5,842,719
Sub-total, Full-time Permanent	8,730.0	107,020,526	8,545.0	115,105,923	8,557.0	121,699,833	12.0	6,593,910
Pay above stated annual rate	--	--	--	403,802	--	866,997	--	463,195
Deduct net lapse	-523.0	-5,348,170	-379.1	-4,816,908	-301.1	-3,380,960	78.0	1,435,948
Positions abolished during the year ..	57.4	925,232	91.3	1,294,589	.2	4,535	-91.1	-1,290,054
Deduct net savings due to lower pay scales for part of year	--	-1,260,249	--	-1,359,810	--	--	--	1,359,810
Sub-total, Net Permanent	8,264.4	101,337,339	8,257.2	110,627,596	8,256.1	119,190,405	-1.1	8,562,809
<u>Positions of Other Agencies Filled by USIA Personnel</u>								
32.2	935,241	41.6	1,228,980	41.6	1,260,977	--	31,997	
<u>Positions Other Than Permanent:</u>								
Temporary employment	39.8	375,643	35.9	313,059	35.2	295,563	-.7	-17,496
Part-time employment	37.6	368,748	35.3	396,153	35.3	414,771	--	18,618
Intermittent employment	4.7	155,101	2.7	115,975	2.7	115,982	--	7

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Salaries and Expenses - Summary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975 and 1976

Other Personnel Compensation:	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Overtime (includes holiday pay for locals)	--	\$ 1,702,261	--	\$ 1,883,422	--	\$ 2,037,131	--	\$ 153,709
Holiday pay	--	532,852	--	485,834	--	500,902	--	15,068
Night work and Sunday differential	--	827,637	--	916,091	--	972,773	--	56,682
Hardship post differential	--	1,559,386	--	1,563,480	--	1,562,774	--	-706
Departmental differential	--	518	--	--	--	--	--	--
Additional pay for service in Hawaii	--	4,185	--	4,445	--	4,445	--	--
1973 retroactive pay raise costs	--	839,858	--	--	--	--	--	--
Total, Personnel Compensation (11)	8,378.7	108,658,769	8,372.7	117,535,035	8,370.9	126,355,723	-1.8	8,820,688
<u>12 Personnel Benefits</u>								
<u>Foreign Service Allowances:</u>								
Quarters	--	817,806	--	818,787	--	927,043	--	108,256
Temporary lodging	--	101,026	--	162,635	--	146,307	--	-16,328
Living (post)	--	522,042	--	476,384	--	546,808	--	70,424
Separate maintenance	--	28,856	--	19,332	--	9,832	--	-9,500
Transfer	--	55,291	--	52,924	--	51,541	--	-1,383
Education	--	1,027,788	--	1,238,963	--	1,437,829	--	198,866
Supplementary post	--	6,170	--	11,970	--	5,694	--	-6,276
Home service transfers	--	87,795	--	87,800	--	87,800	--	--
Sub-total, Allowances	--	2,646,774	--	2,868,795	--	3,212,854	--	344,059
<u>Payments to Funds:</u>								
FICA	--	59,728	--	62,966	--	67,148	--	4,182
FEGLIC	--	304,414	--	328,475	--	339,096	--	10,621
Civil Service Retirement	--	6,476,805	--	7,021,852	--	7,498,421	--	456,569
Health benefits	--	945,803	--	1,151,724	--	1,290,565	--	138,841
Sub-total, Payments to Funds	--	7,786,750	--	8,585,017	--	9,195,230	--	610,213

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Salaries and Expenses - Summary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975 and 1976

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Benefits for USIA Personnel Detailed to Other Agencies	--	\$ 81,329	--	\$ 110,245	--	\$ 114,548	--	\$ 4,303
Special Local Benefits	--	573,683	--	785,954	--	920,329	--	134,375
Employee Suggestion Awards	--	8,146	--	10,461	--	10,761	--	300
Workmen's Compensation Fund	--	104,336	--	139,251	--	168,426	--	29,175
1973 Retroactive Pay Raise Costs	--	67,340	--	--	--	--	--	--
Total, Personnel Benefits (12)	--	8,621,584	--	9,630,928	--	10,409,294	--	778,366
<u>13 Benefits for Former Personnel</u>								
Severance Pay	--	578,803	--	450,246	--	407,934	--	-42,312
Total, Personnel Compensation and Benefits (Gross)	8,378.7	120,505,930	8,372.7	130,485,004	8,370.9	140,385,805	-1.8	9,900,801
Less Reimbursements, Primarily for Exchange of Persons Program and Details to Other Agencies	-277.6	-3,879,131	-287.7	-4,401,156	-296.7	-4,732,769	-9.0	-331,613
Total, Personnel Compensation and Benefits (Net)	8,101.1	116,626,799	8,085.0	126,083,848	8,074.2	135,653,036	-10.8	9,569,188

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Salaries and Expenses - Summary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975 and 1976

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
21 Travel and Transportation of persons .	--	\$ 5,383,102	--	\$ 5,559,868	--	\$ 6,607,738	--	\$ 1,047,870
22 Transportation of things	--	4,965,955	--	4,979,347	--	5,636,191	--	656,844
23 Rent, communications, and utilities ..	--	13,644,598	--	14,962,731	--	16,651,154	--	1,688,423
24 Printing and reproduction	--	1,066,655	--	991,665	--	1,111,945	--	120,280
25 Other services	--	18,138,434	--	18,378,758	--	20,666,998	--	2,288,240
25.1 Services of other agencies	--	23,997,529	--	30,834,431	--	36,986,557	--	6,152,126
26 Supplies and materials	--	12,455,744	--	13,254,940	--	14,419,177	--	1,164,237
31 Equipment	--	4,632,674	--	3,931,848	--	4,542,796	--	610,948
41 Grants, subsidies, and contributions .	--	2,956,221	--	3,274,829	--	4,670,173	--	1,395,344
42 Insurance claims and indemnities	--	41,654	--	38,235	--	38,235	--	-
Total, Other Objects	--	87,282,566	--	96,206,652	--	111,330,964	--	15,124,312
Grand Total, Direct Obligations	8,101.1	203,909,365	8,085.0	222,290,500	8,074.2	246,984,000	-10.8	24,693,500

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EXPLANATION OF SPECIAL BUDGET ITEMS

1. Effects of Pay Increases

The actual obligations in 1974 and the estimates in 1975 and 1976 for salaries and related payments for Civil Service General Schedule (GS) and Foreign Service (FS) personnel, and for payments to other agencies, include the added cost of increased rates of pay effected on October 14, 1973 and October 13, 1974, under Executive Orders 11739 and 11811 issued pursuant to Public Law 91-656.

Where affected, personnel compensation and benefits also reflect the wage board rate increases that became effective in fiscal years 1974 and 1975.

In order to meet the fund requirements for the pay increases that were effected in fiscal year 1975, the Agency has requested a supplemental appropriation of \$3,828,500 for the Salaries and Expenses account and \$71,500 for the Special International Exhibitions appropriation. These requirements are included in the overall 1975 pay raise supplemental transmitted in conjunction with the 1976 Federal Budget.

2. Fiscal Year 1973 Retroactive Pay Costs

In fiscal year 1974, the Agency established obligations of \$1,005,000 for payment of 1973 retroactive pay increases pursuant to Executive Order 11777, dated April 12, 1974. Of this amount, \$78,802 was funded with restored 1973 unobligated balances. The remainder of \$926,198 (consisting of \$907,198 for Salaries and Expenses and \$19,000 for Special International Exhibitions) was funded with additional funds provided in accordance with the Second Supplemental Appropriations Act, 1974 (Public Law 93-305). The retroactive pay costs for each account are shown as a separate entry on the summary table for each of the affected appropriations.

3. Within-grade Salary Advancements

The estimates for 1976 provide increases to cover the cost of within-grade advancements (WIG's) for the Agency's domestic, overseas American, and local employees; and for the payment to the Department of State for shared administrative support. The amounts are summarized under Tab 2 and presented in detail in the various sections of this document. The estimates for such costs, which include salary and related costs as appropriate, are based on the following:

a. **For American employees** - The analysis of Agency Civil Service and Foreign Service employee WIG experience indicates that the cost effects can be approximated by projecting WIG's for 21.1 per cent of the Agency's Civil Service staff and 28.6 per cent of the Agency's Foreign Service employees, including those employees assigned to domestic positions as well as to those in overseas positions.

EXPLANATION OF SPECIAL BUDGET ITEMS

- b. For local employees - Estimates of the cost of WIG's for overseas local employees are determined independently for each country, based on information supplied by the USIS mission concerned.
 - c. For shared administrative support - Increases for WIG's in the shared administrative support activity are based on information furnished by the Department of State.
4. Personal Services Lapse Rates

Lapse rates (allowances for vacancies and turnover) used in developing estimates for personnel compensation and benefits for the fiscal years concerned in this budget are as follows:

- a. For 1974: The lapse reflects actual experience for 1974, based on obligations for each element or account.
- b. For continuing USIS overseas American positions in 1975 and 1976, the lapse rate is estimated at a net of 0.5%.
- c. For other positions in 1975 and 1976: The lapse rates for 1975 are based on a projection of personnel on duty as of July 1, 1974, a scheduling of vacant and new positions to be filled within the context of a limited hiring situation, and an analysis of positions to be eliminated during fiscal year 1975. The rates used in 1975 and 1976 are as follows:
 - (1) For continuing domestic positions, the rates are based on a projection of the employment experience of the individual domestic elements. In FY 1975 many domestic elements had a higher lapse rate than normal. This higher lapse resulted from a limited hiring freeze imposed to produce salary savings that could be applied to funding of wage, fuel, power, and other cost increases which were in excess of the inflationary estimates included in the regular FY 1975 budget request. The lapse rates used by these elements are based on the assumption that essential vacancies will be filled by the end of FY 1975 and that a lower, normal lapse rate will be experienced in FY 1976.
 - (2) For continuing local positions, the lapse rate has been determined independently for each country and is based on information supplied by the USIS missions concerned.
 - (3) For positions added in 1975 and 1976, the lapse rate has been determined independently by each element.
 - (4) For positions dropped during 1975 and 1976, the lapse rate has been determined in accordance with the plans of the individual elements to reduce staff and terminate functions.

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EXPLANATION OF SPECIAL BUDGET ITEMS5. Reclassifications

No increase in funds is included in the estimates for anticipated position reclassifications in 1976.

6. Positions Dropped in 1974, 1975, and 1976

The position figures shown in tables throughout the budget are exclusive of positions dropped in 1974, 1975, and 1976. The following table summarizes these dropped positions by organizational element in each of the fiscal years.

Summary of Dropped Positions

Organizational Element	Fiscal Year 1974			Fiscal Year 1975			Fiscal Year 1976					
	Locals			Locals			Locals					
	Dom.	Amer.	Dollar SFC	Total	Dom.	Amer.	Dollar SFC	Total	Dom.	Amer.	Dollar SFC	Total
<u>Salaries and Expenses (Dollar and SFC):</u>												
East Asia and Pacific	—	4	26	—	30	1	21	43	—	65	—	—
Africa	—	1	10	—	11	—	1	3	—	4	—	—
North Africa, Near East and South Asia	5	1	4	5	15	—	1	6	7	14	—	2
Latin America	—	—	—	—	—	—	4	—	—	4	—	—
Special Europe	—	—	—	—	—	—	1	—	—	1	—	—
Soviet Union and East Europe	—	1	2	—	3	—	—	6	—	6	—	—
Press and Publications Service	22	3	17	—	42	8	1	—	—	9	—	—
Motion Picture and Television Service	—	14	—	—	14	—	—	—	—	—	—	—
Information Center Service ..	6	—	—	—	6	9	1	—	—	10	—	—
Broadcasting Service	10	5	39	—	54	23	6	17	—	46	—	—
Program Direction and Other Services	—	40	2	1	1	44	30	—	—	30	—	—
Total, Salaries & Expenses.	97	17	99	6	219	71	36	75	7	189	—	2
Special International Exhibitions	—	—	—	—	—	—	—	—	—	10	14	—
Total Dropped Positions ...	97	17	99	6	219	71	36	75	7	189	—	12
											6	32

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EXPLANATION OF SPECIAL BUDGET ITEMS

In addition, 195 positions were discontinued at the end of FY 1973 (15 domestic, 27 overseas Americans, 84 dollar locals, and 69 foreign currency locals); 101 were discontinued at the end of 1974 (9 domestic, 8 overseas Americans, 50 dollar locals, and 34 foreign currency locals); and 8 were discontinued at the end of FY 1975 (4 domestic and 4 overseas Americans).

7. Additional Pay for Service Abroad

As required by Public Law 491, approved April 20, 1948, as amended, the budget provides additional compensation for employees assigned to Civil Service positions in Hawaii. This additional compensation is computed, as authorized at the time these estimates were prepared, at 15 per cent of base rates of pay. This item is estimated at \$4,445 in 1975 and the same in 1976.

8. Support to the Exchange of Persons Program

The budget assumes continuation of the arrangements whereby the U. S. Information Agency performs overseas Exchange of Persons Program activities for the Bureau of Educational and Cultural Affairs, Department of State, on a reimbursable basis.

The overall requirements for this program are based on discussions with the Department of State, associating program levels and changes with USIS program support, including staff. Staff support negotiations are based on field reports as to USIS American and local employee positions or portions of positions required to administer the Exchange of Persons Program overseas. While in some instances positions are assigned exclusively to exchange activities more frequently these activities form only a part of the total work assignment. The reimbursement, therefore, is calculated on the basis of agreed-upon position equivalents. Since total staff and support costs cannot be separately and specifically identified, they are included in the justification as part of the Agency's program. Position equivalents and total reimbursements are then deducted at the end of the position and fund summaries in each of the affected elements.

In 1975, the reimbursement to the dollar appropriation is estimated at \$4,190,000 for program expenses, and \$751,000 for administrative expenses; in 1976, the amounts are \$4,606,000 for program expenses, and \$790,000 for administrative expenses. The reimbursement to the foreign currency appropriation is estimated at \$80,000 for program expenses in 1975 and \$110,000 in 1976. The increase of \$435,000 in the 1976 reimbursement will provide \$266,000 for full-year costs of the October, 1974 Federal pay raise, local wage-scale and price increases, and within-grade salary increases in 1976; and \$219,000 and 16 positions for added support to the Exchange of Persons Program related to the Department of State's proposed budget increase for this program.

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EXPLANATION OF SPECIAL BUDGET ITEMS

9. Reconciliation of Salaries and Expenses Appropriation with Obligations

The following table relates appropriations for 1974 and 1975 to actual and estimated obligations for these years.

(In thousands of dollars)

	1974 Actual		1975 Estimate	
	Dollars	Foreign Currency	Dollars	Foreign Currency
Total Direct Obligations	\$ 203,909	\$ 8,109	\$ 222,291 ^{a/}	\$ 9,353
Comparative transfers between accounts	-59	59	—	—
Proposed Pay Act supplemental	—	—	-3,829	—
Appropriation transfer to General Services				
Administration	12	—	—	—
Unobligated balance lapsing	107	—	—	—
Unobligated balance brought forward	—	-2,638	—	-826
Recoveries from prior year obligations	—	-356	—	-150
Unobligated balance carried forward	—	826	—	—
Total Enacted Appropriations	203,969	6,000	218,462	8,377

^{a/} Includes proposed Pay Act supplemental of \$3,828,500.

10. Effects of Special Foreign Currency Program on Agency Estimates

The Agency will continue to finance all local program expenses in excess currency countries in 1976 through its appropriation for payments in U. S.-owned foreign currencies. The excess currency countries in 1976, as determined by the Treasury Department, are: Arab Republic of Egypt, Burma, Guinea, India, Pakistan, Poland and Tunisia.

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EXPLANATION OF SPECIAL BUDGET ITEMS

In 1974, the costs of local program expenses in Yugoslavia were shifted to the regular dollar appropriation. However, a project begun in Yugoslavia in 1973 was completed and paid for in 1974 in local currencies from balances available from prior years. To facilitate a comparison of costs for all three years, these 1974 payments of \$58,975, which were charged to the "Special Foreign Currency" appropriation, have been transferred to the "Salaries and Expenses" appropriation.

11. Projection of Overseas Wage and Cost Increases

The Agency's 1976 request for "Salaries and Expenses" and for "Salaries and Expenses (Special Foreign Currency Program)" includes funds for projected overseas wage scale adjustments and other cost increases for fuel, leases, utilities, materials, travel, shipping, and other contractual services. These increases are summarized under the "Lead-Off Tabular Statement" for the "Salaries and Expenses" appropriation and are specifically identified in the justification sections for Agency elements under both of these appropriation requests. In making these projections, we have applied data furnished by the Department of State which are based on the Department's analyses of wage and cost trends in each area of the world, with particular emphasis on the major countries in each area.

12. Variation from Printed Budget Schedules

Delays in final determinations affecting the Agency's 1976 budget made it impossible to reflect, in some of the entries in the 1974, 1975 and 1976 columns of the Printed Budget Schedules, all the correct component amounts as now contained in the pages of this document. While every effort was made to show the correct data in the Printed Schedules, the deadline for printing the Schedules inevitably prevented some changes from being recorded.

USIS OPERATIONS AND DIRECTION - SUMMARY

Assistant Directors for Geographic Areas

The Assistant Directors for Areas are responsible for the formulation, content, direction and effectiveness of the United States Information Service (USIS) programs in the countries of their assigned geographic areas. These responsibilities are carried out with the guidance of the Office of Policy and Plans and the Office of Research. The Assistant Directors for Areas communicate Agency policies and priorities to the field, provide overall guidance to the posts, evaluate field performance and represent the field posts in domestic Agency matters.

The Assistant Directors for Areas and their deputies spend a considerable portion of their time in the field in performing their duties. They are the prime Washington source of expertise for their areas on policy issues and on the public opinion factors in policy formulation and execution. They provide continuing contact with the Department of State and other Government agencies on area matters.

Organization and Operations of Missions

The Agency's overseas operation, USIS, operates as an integral part of the United States Diplomatic Mission in each country. Organizationally, USIS is headed in each country by a Public Affairs Officer who reports within the Agency to the appropriate Assistant Director for the Area. In the field, the Public Affairs Officer serves as a member of the United States team coordinated by the Chief of the Diplomatic Mission. Each Country Public Affairs Officer is assisted by a staff of American and foreign national employees (local employees). The USIS staffs vary in size with the scope of the country program undertaken by the Agency. Operations are conducted in some countries at consulates and at outposts in consular districts as well as at the principal post.

While much of the operational activity is carried out by local employees in USIS, the Public Affairs Officer and his staff of Americans maintain the important contacts. The American staffs plan, direct and supervise program projects. Matters involving classified information are handled by American personnel. Reporting and appraisal of progress are also the responsibilities of the American staff.

Description of Principal Activities of USIS Overseas Missions

The principal activities involved in USIS operations are indicated below. Program activities vary from country to country, depending upon such considerations as the priority of United States objectives, local communications habits, audience groups to be reached, etc. The most common aspects of USIS activities are as follows:

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USIS OPERATIONS AND DIRECTION - SUMMARY

Radio activities: the local production of radio news and feature programs for use by local radio stations; the placement on local radio stations of program materials supplied from Washington by the Broadcasting Service; the production overseas of radio programs for broadcast by the Voice of America; the promotion of Voice of America programs broadcast to the area; and the operations of RIAS (Radio in the American Sector) in Berlin.

Press and publications activities: the local production and distribution of periodicals including magazines, newspaper supplements, wall newspapers, newsletters and bulletins; the distribution of publications supplied by the Press and Publications Service from Washington and from the Regional Service Centers in Beirut, Mexico City, and Manila; the placement in local publications of articles and features produced locally, and news and feature materials supplied from Washington by the Press and Publications Service, including materials from the Wireless File; and local production and distribution to select groups or to particular audiences of pamphlets, leaflets, posters and photo displays.

Motion picture and television activities: the local production of documentary films, newsreels, television programs, and special coverages targeted to indigenous audiences; adaptation for local use of program materials produced or acquired by the Motion Picture and Television Service in Washington; the maintenance of film libraries; and the distribution and exhibition of films and videotape recordings through local theatrical and TV outlets, through loans to private organizations and government channels, and by direct projection and closed-circuit showings by members of the USIS staff.

Information center and related activities: the rental, maintenance, and operation of information centers, reading rooms, distribution outlets, and library extension services including local purchases of publications and equipment for USIS libraries; support of the translation, publication and distribution abroad of books which further Agency objectives; operation of exhibits supplied by the Information Center Service from Washington and of exhibits constructed locally; presentation of books and subscriptions to institutions and to carefully selected key opinion leaders; the promotion of English-teaching by conducting classes and seminars, and providing textbooks, supplies and other support to local institutions offering English language instruction. Other related activities include conducting and supporting programs that promote all aspects of American life and culture through seminars, conferences, lectures, concerts and art exhibitions, including the overseas administration of the Exchange of Persons Program for the Department of State, encouragement of and assistance to foreign universities in establishing courses in American studies, and promotion of projects conducted under the Cultural Presentation Program of the Department of State and Special International Exhibitions Program.

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USIS OPERATIONS AND DIRECTION - SUMMARY

Binational center expenses: grants of cash and locally procured material to Binational Centers to provide assistance for center operations, to conduct English-teaching seminars, and to conduct special projects requested by USIS. In addition, capital assistance loans or grants are made to selected centers to assist them in acquiring adequate space for their activities.

Research: the conduct of research surveys to assist in tailoring local programs and to assess the effectiveness of USIS operations.

Program direction: the purchase of reference materials for USIS staff use, and travel of USIS staff members in supervising and directing country programs. Travel by the Assistant Director for the Area and his staff is also provided for in this activity.

Direct administrative expenses: rents, costs of utilities, and maintenance of office, warehouse, garage and residential space; communications and transportation charges; costs of procurement of office supplies, equipment, and furnishings and costs of maintaining and repairing general purpose equipment and vehicles.

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Number of Countries and Posts

	1974		1975		1976	
	Countries	Posts	Countries	Posts	Countries	Posts
East Asia and Pacific	15	39	15	34	15	34
Africa	26	36	27	37	27	37
North Africa, Near East, and South Asia	20	30	20	30	20	31
Latin America	22	33	22	33	22	33
West and Special European Program g/	20	36	21	37	21	37
Soviet Union and East Europe	7	13	7	15	7	16
Total	110	187	112	186	112	188

a/ Special European Program includes USIS post in West Berlin and, in 1975, a new program operation in East Berlin, German Democratic Republic.

EAST ASIA AND PACIFIC PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements.....	\$14,921,037	\$15,851,789	\$17,800,700	\$ 1,948,911

General Statement

I. SUMMARY

The Agency plans to continue to operate in 15 countries in the East Asia and Pacific Area. In 1976, activities at 34 posts will be served by a stateside staff of 17, and manned overseas by 151 American and 946 local employees, including 33 funded under the Special Foreign Currency Program. The net increase of \$1,948,911 is requested to cover net built-in requirements in 1976, principally wage and cost increases.

Obligations under the Special Foreign Currency appropriation for the East Asia and Pacific Area reflect an increase of \$14,338 to cover wage and cost increases for Burma.

II. 1974 and 1975 PROGRAMS

Agency programs in East Asia and the Pacific continue to stress that:

1. The United States will maintain its commitments to its friends in the Pacific and in Asia; our mutual security is dependent on continuing, constructive efforts to develop new modes of partnership and a new sense of participation. We recognize the need to engage in a broad and deep discussion with opinion leaders concerning foreign policy and the nature of our respective roles in ensuring peace and stability in the region.
2. The United States recognizes the economic interdependence of nations, particularly in the area of food and energy resources, and will work toward international trade and monetary reforms in an effort to achieve a more stable international economic order. At the same time, the U.S. supports assistance to less developed countries as a means of assuring a more stable international political and economic situation.
3. The United States has the strength and the will in its institutions to remain a world leader and responsible force not only in the continuing struggle for peace and economic progress, but also as a constructive partner in the search for solutions on such problems as the environment, drug trafficking, regional cooperation, and law of the sea.

The bicentennial of our founding provides unusual programming opportunities for all three objectives, but particular value should be derived by relating the bicentennial celebration to the third objective.

EAST ASIA AND PACIFIC PROGRAM

In 1975, the Agency closed one branch post in Thailand (Songkhla) and four branch posts in Viet-Nam (Can Tho, Danang, Hue, and Nha Trang), and eliminated one domestic, 21 overseas American, and 50 local employee positions.

III. 1976 PLANS

East Asia and Pacific programs in 1976 will stress the same general themes and remain at essentially the same levels as in 1975.

The net increase of \$1,948,911 in 1976 will provide \$2,828,694 to cover built-in wage and cost increases to maintain present program levels. The 1976 estimate also reflects an increase of one local employee for added support related to the proposed increase in the Department of State's Exchange of Persons Program. The added costs will be reimbursed. The total increase is partially offset by a decrease of \$879,783 representing non-recurring costs and staff reductions in 1975.

The media services in Washington provide program materials in direct support of the overseas activities. The description and estimates for direct support programs are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service, and Broadcasting Service sections of this budget. In addition, the Department of State provides administrative support services to the overseas missions on a reimbursable basis, the detailed estimates for which are contained in the Administrative Support section.

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EAST ASIA AND PACIFIC PROGRAM

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
POSITIONS:					
Domestic.....	18	17	17	—	
Overseas American.....	172	151	151	—	
Local Employees.....	962	912	913	1	
Total Positions.....	1,152	1,080	1,081	1	
Deduct Reimbursable Position Equivalents.....	-39	-39	-40	-1	
Net Positions.....	1,113	1,041	1,041	—	
FUNDS:					
A. <u>Domestic Employee Compensation and Benefits</u>	\$ 402,430	\$ 441,695	\$ 449,145	\$ 7,450	8-4
B. <u>Overseas American Employee Compensation and Benefits</u>	5,052,605	5,088,757	4,933,039	-155,718	8-4
C. <u>Local Compensation and Benefits</u>	4,691,647	5,431,020	6,479,243	1,048,223	8-5
D. <u>Program Activity Costs:</u>					
1. Radio.....	84,106	79,798	90,798	11,000	8-7
2. Press and Publications.....	539,518	482,451	526,066	43,615	8-7
3. Motion Pictures and Television.....	336,658	305,221	312,421	7,200	8-8
4. Information Centers and Related Activities.....	1,575,847	1,744,518	2,050,125	305,607	8-9
5. Binational Centers.....	267,694	353,260	707,060	353,800	8-9
6. Research.....	19,685	71,616	78,816	7,200	8-10
7. Program Direction.....	188,676	228,621	255,857	27,236	8-10
8. Direct Administrative Expenses.....	2,250,063	2,143,509	2,473,389	329,880	8-11
Sub-Total, Activity Costs.....	<u>5,262,247</u>	<u>5,408,994</u>	<u>6,494,532</u>	<u>1,085,538</u>	
Total, Funds.....	15,408,929	16,370,466	18,355,959	1,985,493	
E. <u>Deduct Reimbursements</u>	<u>-487,892</u>	<u>-518,677</u>	<u>-555,259</u>	<u>-36,582</u>	
Total, Direct Obligations.....	<u>14,921,037</u>	<u>15,851,789</u>	<u>17,800,700</u>	<u>1,948,911</u>	
F. <u>Deduct Proposed Pay Act Supplemental</u>	<u>xxxx</u>	<u>-192,400</u>	<u>xxxx</u>	<u>xxxx</u>	
Total, 1975 Enacted Appropriation.....	<u>xxxx</u>	<u>15,659,389</u>	<u>xxxx</u>	<u>xxxx</u>	

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FUNDS:

A. Domestic Employee Compensation and Benefits (1974 Actual, \$402,430; 1975 Estimate, \$441,695; 1976 Estimate, \$449,145; Increase, \$7,450).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-Time Permanent Positions.....	18	17	17	—
Total Man-Years.....	17.1	17.3	16.8	-0.5
Salary and direct benefit costs.....	\$ 402,430	\$ 441,695	\$ 449,145	\$ 7,450

The net increase of \$7,450 is requested to provide:

- a. \$3,742 for within-grade salary increases;
- b. \$6,970 for the full-year costs of the October 13, 1974, Federal pay raise; and
- c. \$1,733 for an additional extra day's pay in 1976.

The added costs are partially offset by savings of \$4,995 resulting from the reduction of one position in 1975.

B. American Employee Compensation and Benefits (1974 Actual, \$5,052,605; 1975 Estimate, \$5,088,757; 1976 Estimate, \$4,933,039; Decrease, -\$155,718).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-Time Permanent Positions.....	172	151	151	—
Total Man-Years.....	172.3	160.8	150.3	-10.5
1. Salary and direct benefit costs.....	\$4,285,615	\$4,303,295	\$4,165,146	\$ -138,149
2. Hardship post differential.....	458,670	410,489	366,420	-44,069
3. Foreign Service allowances.....	272,772	330,805	358,205	27,400
4. Rest and recuperation and family visitation travel.....	35,548	44,168	43,268	-900
Total.....	5,052,605	5,088,757	4,933,039	-155,718

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The net decrease of \$155,718 in 1976 results from \$335,949 full-year savings due to the reduction of 21 American positions in 1975, partially offset by an increase of \$180,231 for the full-year effect of the October 13, 1974 Federal pay raise (\$70,671), within-grade salary increases (\$36,903), the cost of an additional extra day's pay in 1976 (\$17,657) and for anticipated inflationary allowance increases in 1976 (\$55,000).

C. Local Employee Compensation and Benefits (1974 Actual, \$4,691,647; 1975 Estimate, \$5,431,020; 1976 Estimate, \$6,479,243; Increase, \$1,048,223).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-Time Permanent Positions.....	962	912	913	1
Total Man-Years.....	893.5	906.5	878.0	-28.5
Salary and direct benefit costs.....	\$4,691,647	\$5,431,020	\$6,479,243	\$1,048,223

The net increase of \$1,048,223 is requested to provide:

- a. \$153,401 for within-grade salary increases;
- b. \$971,465 for wage scale increases made up of \$188,898 for the full-year costs of increases in 14 countries effective for part of 1975 and \$782,567 for wage scale increases in 13 countries to be effected in 1976;
- c. \$26,598 for an additional extra day's pay in 1976; and
- d. \$2,800 for the addition of one local employee position in 1976 related to the proposed increase in the Department of State's Exchange of Persons Program.

The added costs are partially offset by savings of \$89,783 resulting from the reduction of 50 local employee positions in 1975 in Japan (2), Korea (4), Thailand (18), and Viet-Nam (26); and savings of \$16,258 in Australia and Korea resulting from the devaluation of local currencies during 1975.

Domestic, Overseas American and Local Employee compensation and benefits provide for positions in the East Asia and Pacific Area as follows:

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	1974 Actual			1975 Estimate			1976 Estimate		
	Ameri- cans	Locals	Total	Ameri- cans	Locals	Total	Ameri- cans	Locals	Total
<u>Domestic.....</u>	18	—	18	17	—	17	17	—	17
<u>Country</u>									
Australia.....	8	18	26	8	18	26	8	18	26
Burma.....	4	—	4	4	—	4	4	—	4
China, Republic of (Taiwan).....	8	62	70	8	62	70	8	62	70
Hong Kong.....	7	44	51	6	44	50	6	44	50
Indonesia.....	18	65	83	17	65	82	17	66	83
Japan.....	28	189	217	27	187	214	27	187	214
Khmer Republic (Cambodia).....	1	4	5	1	4	5	1	4	5
Korea.....	12	98	110	12	94	106	12	94	106
Laos.....	8	41	49	7	41	48	7	41	48
Malaysia.....	5	32	37	5	32	37	5	32	37
New Zealand.....	2	9	11	2	10	12	2	10	12
Philippines.....	11	76	87	11	76	87	11	76	87
Singapore.....	4	27	31	4	27	31	4	27	31
Thailand.....	25	129	154	20	110	130	20	110	130
Viet-Nam.....	31	168	199	19	142	161	19	142	161
Sub-Total, Country.....	172	962	1,134	151	912	1,063	151	913	1,064
TOTAL, POSITIONS.....	190	962	1,152	168	912	1,080	168	913	1,081

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D. Program Activity Costs (1974 Actual, \$5,262,247; 1975 Estimate, \$5,408,994; 1976 Estimate, \$6,494,532; Increase, \$1,085,538).

Program activity costs derive from the following activities: radio, press and publications, motion pictures and television, information center and related activities, binational center assistance, research, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail. (See "USIS Operations and Direction Summary" for a general description of the nature of each of these activities.)

1. Radio Activities (1974 Actual, \$84,106; 1975 Estimate, \$79,798; 1976 Estimate, \$90,798; Increase, \$11,000).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Local radio production.....	\$ 45,412	\$ 43,778	\$ 50,478	\$ 6,700
b. Adaptation and placement.....	31,661	32,717	37,017	4,300
c. Promotion and other costs.....	7,033	3,303	3,303	—
 Total.....	 84,106	 79,798	 90,798	 11,000

This program activity consists of: local production of radio programs; adaptation and placement of U.S. - produced programs; and promotion of VOA and other radio costs, including local purchase of radio program equipment, supplies and repairs.

The increase of \$11,000 requested in 1976 will provide for anticipated increased costs to cover the continuing level of local radio activities in four countries.

2. Press and Publications Activities (1974 Actual, \$539,518; 1975 Estimate, \$482,451; 1976 Estimate, \$526,066;
Increase, \$43,615).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. USIS periodicals.....	\$ 314,283	\$ 249,221	\$ 275,176	\$ 25,955
b. Information placement.....	180,842	200,263	217,923	17,660
c. Pamphlets and leaflets.....	44,393	32,967	32,967	—
 Total.....	 539,518	 482,451	 526,066	 43,615

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This program activity consists of: (a) local production and distribution of periodicals in the Area; (b) reception and distribution of the Agency-operated Wireless File; and (c) local production and distribution of pamphlets, leaflets and posters.

The net increase of \$43,615 requested in 1976 will provide \$46,400 for anticipated increased costs to cover on-going press and publications activities in 12 countries, partially offset by a decrease of \$2,785 in Australia (\$985) and Viet-Nam (\$1,800).

3. Motion Picture and Television Activities (1974 Actual, \$336,658; 1975 Estimate, \$305,221; 1976 Estimate, \$312,421; Increase, \$7,200).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Overseas local motion picture and television production and adaptation.....	\$ 301,160	\$ 274,045	\$ 280,945	\$ 6,900
b. Distribution and promotion costs.....	35,498	31,176	31,476	300
Total.....	336,658	305,221	312,421	7,200

This program activity consists of: (a) local motion picture and television production in eight countries; (b) adaptation and placement of Agency supplied program materials; and (c) distribution, promotion, travel and other costs incurred in reaching selected audiences.

The net increase of \$7,200 requested in 1976 will provide \$23,200 for anticipated increased costs to cover continuing levels of motion picture and television activities in eight countries, partially offset by a decrease of \$16,000 in the Thailand local motion picture production program.

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4. Information Center and Related Activities (1974 Actual, \$1,575,847; 1975 Estimate, \$1,744,518; 1976 Estimate, \$2,050,125; Increase, \$305,607).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Information center operations.....	\$ 900,738	\$1,021,028	\$1,258,803	\$ 237,775
b. Book programs.....	91,770	62,391	67,591	5,200
c. Exhibits.....	88,579	71,418	78,790	7,372
d. Presentations.....	6,617	7,009	7,009	—
e. English-teaching promotion.....	11,011	10,079	10,079	—
f. Cultural activities.....	477,132	572,593	627,853	55,260
 Total.....	 1,575,847	 1,744,518	 2,050,125	 305,607

In 1975, 24 information centers and six reading rooms, are in operation in the Area. As part of its activities related to information centers, the Agency will (a) translate selected American books into local language editions; (b) show exhibits produced locally or in the U.S.; (c) distribute presentation materials purchased locally or furnished from the U.S.; (d) purchase local materials and provide contract arrangements for English-teaching programs; and (e) carry out cultural activities by conducting seminars, arranging for tours, securing artists and lecturers and providing local support to the exchange of persons program.

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The net increase of \$305,607 will provide: (a) \$185,000 to cover center renovation costs in Australia (\$130,000), Korea (\$30,000) and Malaysia (\$25,000); (b) \$118,700 for anticipated lease renewal and utility cost increases in 11 countries; (c) \$91,200 for anticipated cost increases for contract services, supplies, and other support for information center operations (\$24,200), book programs (\$5,200), exhibits (\$8,100) and cultural activities (\$53,700); and (d) \$2,000 for increased support related to the proposed increase in the Department of State's Exchange of Persons Program. These increases are partially offset by non-recurring costs in Japan (-\$90,100) and Australia (-\$1,193).

5. Binational Center Assistance (1974 Actual, \$267,694; 1975 Estimate, \$353,260; 1976 Estimate, \$707,060; Increase, \$353,800)

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Operating Assistance.....	\$ 267,694	\$ 198,260	\$ 217,060	\$ 18,800
b. Capital Assistance.....	—	155,000	490,000	335,000
 Total.....	 267,694	 353,260	 707,060	 353,800

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These funds provide for Agency assistance to binational center organizations in Indonesia, Laos, Thailand and Viet-Nam to support operating expenses of the centers and to fund special activities undertaken by the centers in support of USIS programs. (The estimates for U.S. - produced materials for binational centers are included in the budget section for the Information Center Service.)

The net increase of \$18,800 in operating assistance funds requested in 1976 will provide \$28,600 for anticipated cost increases to continue operating assistance grants in the four countries, partially offset by a non-recurring cost of \$9,800 in Viet-Nam.

The \$490,000 in capital assistance funds requested in 1976 will provide \$300,000 for a grant to the binational center organization in Saigon, Viet-Nam, for the construction of a new binational center building; \$150,000 for a capital assistance loan to the binational center organization in Jakarta, Indonesia, for the construction of a new binational center building; and \$40,000 for a grant to the binational center in Dalat, Viet-Nam, to complete purchase of furniture, furnishings and equipment. These increases are partially offset by the non-recurring costs of renovations in Viet-Nam (-\$115,000) and Indonesia (-\$40,000).

6. Research Activities (1974 Actual, \$19,685; 1975 Estimate, \$71,616; 1976 Estimate, \$78,816; Increase, \$7,200).

These funds provide for research activities in eight countries, local purchase of research materials and travel.

The increase of \$7,200 in 1976 is requested to provide for anticipated cost increases for local travel and contractual services in Japan (\$4,700) and Viet-Nam (\$2,500).

7. Program Direction (1974 Actual, \$188,676; 1975 Estimate, \$228,621; 1976 Estimate, \$255,857; Increase, \$27,236).

These funds provide for: travel by the Assistant Director for the Area and his staff; travel within each country by the Public Affairs Officer and his staff for the purpose of supervising and directing the various USIS activities; the procurement of reference books, magazines and newspapers for staff use.

The net increase of \$27,236 in 1976 will provide \$17,300 to cover anticipated local travel cost increases in 13 countries; \$11,000 for restoration of normal travel levels; and \$2,736 for anticipated cost increases in international air fares. These increases are partially offset by non-recurring costs in Thailand (-\$1,800) and Viet-Nam (-\$2,000).

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8. Direct Administrative Expenses (1974 Actual, \$2,250,063; 1975 Estimate, \$2,143,509; 1976 Estimate, \$2,473,389; Increase, \$329,880).

These funds provide for office, warehouse, garage and residential space costs in 15 countries; and for direct administrative expenses in these countries, including local purchase of office furniture, supplies and equipment, transportation, communications, vehicle maintenance and other similar expenses.

The net increase of \$329,880 will provide: (a) \$291,000 for anticipated cost increases in office and residential rents, utilities, contractual costs, vehicle maintenance, local purchase of supplies and equipment and other similar expenses in 13 countries; (b) \$168,000 for renewal of multi-year residential leases in 1976 in Indonesia; and (c) \$25,000 for relocation of offices at USIS Tokyo into a new building.

These increases are partially offset by \$154,120 non-recurring costs in Australia (-\$5,120), Hong Kong (-\$7,200), Indonesia (-\$81,000), Philippines (-\$6,400), Thailand (-\$13,400) and Viet-Nam (-\$41,000).

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Summary of Requirements - Dollar and Special Foreign Currency Appropriations

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
Domestic.....	15	—	16	77	—	77	77	—	77	—	—	—
Overseas Americans.....	172	—	172	151	—	151	151	—	151	—	—	—
Local Employees.....	962	33	995	912	22	935	913	22	946	1	—	—
Total Positions.....	1,152	33	1,165	1,065	33	1,073	1,061	33	1,112	1	—	—
Deduct Reimbursable Position Equivalents.....	-39	-1	-40	-35	-1	-40	-40	-1	-41	-1	—	—
Net Positions.....	1,113	32	1,125	1,041	32	1,073	1,061	32	1,073	—	—	—
 Funds:												
A. Domestic Employee Compensation and Benefits.....	\$ 402,430	\$ —	\$ 402,430	\$ 441,695	\$ —	\$ 441,695	\$ 449,145	\$ —	\$ 449,145	\$ 7,450	\$ —	\$ 7,450
B. Overseas American Employee Compensation and Benefits.....	5,052,605	—	5,052,605	5,088,757	—	5,088,757	4,933,039	—	4,933,039	-155,718	—	-155,718
C. Local Employee Compensation and Benefits.....	4,691,647	71,203	4,762,850	5,431,020	71,496	5,502,516	6,479,243	74,734	6,553,977	1,048,223	3,238	1,051,661
D. Program Activity Costs:												
1. Radio.....	84,106	1,543	85,649	79,706	1,097	80,895	90,798	1,097	91,895	11,000	—	11,000
2. Press and Publications.....	579,518	33,926	572,444	682,451	30,733	513,184	526,066	33,333	559,399	43,615	2,600	46,215
3. Motion Pictures and Television.....	336,658	459	337,117	305,221	1,188	306,409	312,421	1,188	313,409	7,200	—	7,200
4. Information Centers and Related Activities.....	1,575,247	26,779	1,604,626	1,724,518	33,677	1,706,195	2,050,125	36,577	2,086,702	305,607	2,900	306,507
5. Binational Centers.....	267,696	—	267,696	353,261	—	353,261	357,474	—	357,474	—	—	—
6. Research.....	19,685	—	19,685	71,616	—	71,616	70,860	—	70,860	353,800	—	353,800
7. Program Direction.....	188,767	2,178	190,954	228,621	2,528	231,129	256,857	2,728	256,857	7,200	—	7,200
8. Direct Administrative Expenses.....	2,250,063	49,477	2,299,540	2,143,509	38,141	2,181,650	2,473,329	43,741	2,517,130	359,880	5,600	355,480
Sub-Total, Activity Costs.....	5,262,247	116,362	5,378,609	5,506,994	107,352	5,516,358	5,584,532	118,664	5,613,536	1,051,538	11,300	1,068,838
Total, Funds.....	15,408,929	187,565	15,596,494	16,370,466	178,860	16,549,328	18,355,999	193,398	18,549,357	1,985,493	14,538	2,000,031
E. Deduct Reimbursements.....	-487,892	-3,256	-491,148	-518,677	-1,498	-522,175	-555,279	-3,698	-558,957	-36,582	-300	-36,782
Total, Direct Obligations.....	14,921,037	184,300	15,105,346	15,851,789	175,362	16,027,151	17,800,700	189,700	17,990,400	1,948,911	14,378	1,963,249
F. Deduct Proposed Pay Act Supplemental.....	XXXX	XXXX	XXXX	-192,400	—	-192,400	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total, 1975 Enacted Appropriation.....	XXXX	XXXX	XXXX	15,659,349	175,362	15,851,751	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

EAST ASIA AND PACIFIC PROGRAM

B recapitalization of Costs by Country and Area-Wide Costs

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
POSITIONS:												
Domestic.....	18	—	18	17	—	17	17	—	17	—	—	—
Overseas American.....	172	—	172	151	—	151	151	—	151	—	—	—
Local Employees.....	962	33	995	912	33	945	903	33	946	1	—	—
Total, Positions.....	1,152	33	1,185	1,080	33	1,113	1,081	33	1,114	1	—	—
Deduct Reimbursable Position Equivalents.....	-39	-1	-40	-39	-1	-40	-40	-1	-41	-1	—	—
Net Positions.....	1,113	32	1,145	1,041	32	1,073	1,041	32	1,073	—	—	—
COSTS INCURRED BY COUNTRY:												
Australia.....	\$ -28,487	\$ —	\$ 426,487	\$ 480,330	\$ —	\$ 480,330	\$ 686,412	\$ —	\$ 686,412	\$ 206,082	\$ —	\$ 206,082
Burma.....	3,031	187,565	221,596	36,278	178,860	215,138	39,478	193,398	232,876	34,400	14,538	17,738
China, Republic of (Taiwan).....	182,890	—	482,890	542,775	—	542,775	653,386	—	653,386	+ 0,631	110,611	110,611
Hong Kong.....	701,263	—	701,263	660,533	—	660,533	802,307	—	802,307	1,377	—	143,774
Indonesia.....	723,964	—	723,964	649,036	—	649,036	941,792	—	941,792	242,796	—	292,756
Japan.....	3,448,887	—	3,448,887	4,025,849	—	4,025,849	4,641,923	—	4,641,923	615,174	—	616,074
Khmer Republic (Cambodia).....	20,882	—	20,882	39,531	—	39,531	39,622	—	39,622	—	—	291
Korea.....	732,406	—	732,406	843,929	—	843,929	971,315	—	971,315	177,388	—	177,386
Laos.....	354,949	—	354,949	364,918	—	364,918	421,947	—	421,947	77,029	—	57,029
Malaysia.....	370,714	—	370,714	432,913	—	432,913	513,929	—	513,929	81,016	—	81,016
New Zealand.....	152,748	—	152,748	182,764	—	182,764	212,167	—	212,167	79,402	—	29,403
Philippines.....	1,424,471	—	1,424,471	499,302	—	499,302	556,930	—	556,930	57,628	—	57,628
Singapore.....	275,889	—	275,889	307,457	—	307,457	347,192	—	347,192	39,733	—	39,733
Thailand.....	1,105,032	—	1,105,032	1,126,468	—	1,126,468	1,220,655	—	1,220,655	92,287	—	94,287
Viet-Nam.....	886,643	—	886,643	907,135	—	907,135	1,201,388	—	1,201,388	296,253	—	296,253
Sub-total, Country Costs.....	10,177,338	187,565	10,337,803	11,099,118	178,860	11,277,978	13,252,642	193,398	13,445,041	+ 13,555	—	2,168,063
AREA-WIDE COSTS:												
Domestic Costs.....	494,406	—	494,406	557,564	—	557,564	571,750	—	571,750	14,186	—	14,186
Overseas American Employer Compensation and Benefits.....	47,4205	—	47,4205	47,713,784	—	47,713,784	4,531,566	—	4,531,566	-182,218	—	-182,218
Sub-total, Area-Wide Costs.....	5,378,691	—	5,238,691	5,271,318	—	5,271,318	5,103,316	—	5,103,316	-168,032	—	-168,032
Total, Funds.....	15,406,929	187,565	15,596,494	16,370,466	178,860	16,549,326	18,355,999	193,398	18,549,357	1,085,493	14,538	2,000,031
Deduct Reimbursable.....	-47,892	-3,256	-49,148	-518,677	-3,498	-522,175	-555,259	-3,698	-558,257	-36,582	-200	-36,792
Total, Direct Obligations.....	14,921,037	186,309	15,105,346	15,851,789	175,362	16,027,151	17,800,700	189,200	17,990,420	1,048,911	14,338	1,963,249
Deduct Proposed Pay Act Supplemental.....	XXXX	XXXX	XXXX	-192,400	—	-192,400	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
TOTAL, 1975 Enacted Appropriation.....	XXXX	XXXX	XXXX	15,699,389	175,362	15,851,789	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

a/ Excludes Foreign Service Allowances paid at post, rest and recuperation travel and family visitation travel costs, which are included in country costs.

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	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$ 7,610,583	\$ 8,425,847	\$ 9,330,100	\$ 904,253

General Statement

I. SUMMARY

In 1976, the Agency will conduct information and cultural programs in 27 African countries. Operations will include 37 posts and 9 reading rooms and will be staffed by 91 Overseas Americans and 370 local employee positions.

The net increase of \$904,253 is requested to continue programs essentially at 1975 levels. This increase is required primarily to meet local wage scale increases, overseas price increases for rents, utilities, and other goods and services, and the renewal of multi-year leases due in 1976.

II. 1974 and 1975 PROGRAMS

The Agency sought to convey the continuity of U.S. foreign policy and the variety of shared concerns of the U.S. and African countries on issues of international concern. This was done particularly through the distribution of printed materials, scheduling of American specialists, personal contacts, and the use of video-tape recordings for small groups.

Other areas of focus in Agency programming to Africa were economics, management and public administration, and legal aid practices in the United States. USIS posts programmed to these areas through seminars and conferences built around visiting American specialists.

The relevance of technological aspects of American space exploration for developing Africa was emphasized in the Agency's planning for two USIS co-sponsored Earth Resources Technology Satellite seminars scheduled in early 1975 in Ghana and Mali. These programs focus on American satellites' contribution to improving the quality of life in developing African nations. Another major Agency program effort in a number of African countries was the celebration of Afro-American History Week, involving a multi-media effort of speakers, films, exhibits, and books.

In 1975, the Agency opened a small post in Lourenco Marques, Mozambique, consisting of a Public Affairs Officer and two national employees, operating out of the Consulate General. This increase was offset by a reduction of USIS operations in Bujumbura, Burundi.

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III. 1976 PLANS

Essentially, the 1976 plans call for a continuation of programming at the 1975 level. The net increase of \$904,253 is requested to cover built-in wage and other cost increases.

The materials that follow explain the staff and activities financed with dollars under the Agency's regular "Salaries and Expenses" appropriation. There are some overseas staff and activity costs for the USIS mission in Guinea and regional services in Tunisia which are financed with Special Foreign Currency funds. These latter costs appear under the estimates submitted for the "Special Foreign Currency" appropriation.

The media services in Washington provide program materials and services in direct support of the overseas activities. The descriptions and estimates for direct support programs are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service, and Broadcasting Service sections of this budget. Materials and services requested to support the foreign currency programs are identified in the media sections of the estimates submitted for the "Special Foreign Currency" appropriation. In addition, the Department of State provides administrative support services to the overseas missions on a reimbursable basis, the detailed estimates for which are contained in the Administrative Support section of this budget.

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Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)	Page Ref.
POSITIONS:					
A. Domestic	14	14	14	--	
B. Overseas American	93	91	91	--	
C. Local Employees	368	370	370	--	
Total Positions	475	475	475	--	
Deduct Reimbursable Position Equivalents	- 31	- 31	- 31	--	
Net Positions	444	444	444	--	
FUNDS:					
A. Domestic Employee Compensation and Benefits	\$ 360,175	\$ 397,955	\$ 409,015	\$ 11,060	9-4
B. Overseas American Employee Compensation and Benefits	2,884,718	3,017,002	3,131,700	114,698	9-4
C. Local Employee Compensation and Benefits	1,427,693	1,708,788	1,908,000	199,212	9-5
D. Program Activity Costs:					
1. Radio	24,784	33,770	38,516	4,746	9-7
2. Press and Publications	410,727	416,466	472,374	55,908	9-7/8
3. Motion Picture and Television	47,395	56,206	63,997	7,791	9-8
4. Information Center and Related Activities	1,247,891	1,515,132	1,763,003	247,871	9-8/9
5. Research	977	2,465	2,465	—	9-9
6. Program Direction	162,432	189,767	198,152	8,385	9-9
7. Direct Administrative Expenses	1,615,354	1,668,100	1,955,421	287,321	9-10
Sub-total, Activity Costs	3,509,560	3,881,906	4,493,928	612,022	
E. Total, Funds	8,182,146	9,005,651	9,942,643	936,992	
E. Deduct Reimbursements	- 571,563	- 579,804	- 612,543	- 32,739	
Total, Direct Obligations	7,610,583	8,425,847	9,330,100	904,253	
F. Deduct Proposed Pay Act Supplemental	XXX	- 119,300	XXX	XXX	
Total, 1975 Enacted Appropriation	XXX	8,306,547	XXX	XXX	

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FUNDS:

- A. Domestic Employee Compensation and Benefits (1974 Actual, \$360,175; 1975 Estimate, \$397,955; 1976 Estimate, \$409,015; Increase, \$11,060).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
Full-time Permanent Positions	14	14	14	--
Total Man-Years	13.1	13.9	13.9	--
Salary and Direct Benefit Costs	\$ 360,175	\$ 397,955	\$ 409,015	\$ 11,060

The increase of \$11,060 in 1976 is requested to provide \$3,140 for within-grade salary increases; \$1,575 for an additional extra day's pay in 1976; and \$6,345 for the full-year cost of the October, 1974 Federal pay raise.

- B. American Employee Compensation and Benefits (1974 Actual, \$2,884,718; 1975 Estimate, \$3,017,002; 1976 Estimate, \$3,131,700; Increase, \$114,698).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
Full-time Permanent Positions	93	91	91	--
Total Man-Years	93.1	90.6	90.6	--
1. Salary and Direct Benefit Costs	\$2,271,345	\$2,379,255	\$2,449,505	\$ 70,250
2. Hardship Post Differentials	301,520	292,034	297,665	5,631
3. Foreign Service Allowances	262,492	303,375	337,992	34,617
4. Rest and Recuperation Travel	49,361	42,338	46,538	4,200
Total	2,884,718	3,017,002	3,131,700	114,698

The net increase of \$114,698 in 1976 is requested to provide \$22,241 for within-grade salary increases; \$10,755 for an additional extra day's pay in 1976; \$42,905 for the full-year cost of the October, 1974 Federal pay raise; \$11,015 for the full-year cost of one position added in 1975; \$34,617 for anticipated inflationary Foreign Service Allowance increases in 1976; and \$4,200 for added rest and recuperation costs due to anticipated air fare increases in 1976. These increases are partially offset by savings of \$11,015 from the elimination of one position in 1975 associated with the reduction of the USIS program in Burundi.

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C. Local Employee Compensation and Benefits (1974 Actual, \$1,427,693; 1975 Estimate, \$1,708,788; 1976 Estimate, \$1,908,000; Increase, \$199,212).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Full-time Permanent Positions	368	370	370	—
Total Man-Years	342.5	344.0	344.0	—
Salary and Direct Benefit Costs	\$1,427,693	\$1,708,788	\$1,908,000	\$ 199,212

The net increase of \$199,212 in 1976 is requested to provide \$50,306 for within-grade salary increases; \$6,570 for an additional extra day's pay in 1976; \$36,037 for the full-year cost in eight countries of wage scale increases implemented in 1975; \$102,024 for wage scale increases anticipated in thirteen countries in 1976; \$6,060 for the full-year cost of promotions effected in 1975. These increases are partially offset by net savings of \$1,785 resulting from position changes in 1975.

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Domestic, Overseas American, and Local Employee compensation and benefits provide for dollar-funded positions in the African Area as follows:

	1974 Actual			1975 Estimate			1976 Estimate		
	Amer.	Locals	Total	Amer.	Locals	Total	Amer.	Locals	Total
<u>Domestic</u>	14	--	14	14	--	14	14	--	14
<u>Country and Regional Elements:</u>									
Burundi	1	5	6	--	2	2	--	2	2
Cameroon	5	16	21	5	16	21	5	16	21
Chad	1	6	7	1	6	7	1	6	7
Dahomey	1	7	8	1	7	8	1	7	8
Ethiopia	7	31	38	7	31	38	7	31	38
Gabon	1	6	7	1	6	7	1	6	7
Ghana	6	21	27	6	21	27	6	21	27
Guinea	1	--	1	1	--	1	1	--	1
Ivory Coast	5	11	16	4	11	15	4	11	15
Kenya	5	19	24	5	20	25	5	20	25
Lesotho	1	5	6	1	5	6	1	5	6
Liberia	3	11	14	3	11	14	3	11	14
Malagasy Republic	2	12	14	2	12	14	2	12	14
Malawi	1	5	6	1	5	6	1	5	6
Mali	1	6	7	1	6	7	1	6	7
Mozambique	--	--	--	1	2	3	1	2	3
Niger	1	7	8	1	7	8	1	7	8
Nigeria	15	56	71	14	56	70	14	56	70
Senegal	3	14	17	4	14	18	4	14	18
Sierra Leone	3	6	9	2	6	8	2	6	8
Somali Republic	1	10	11	1	10	11	1	10	11
South Africa	6	19	25	6	21	27	6	21	27
Tanzania	3	12	15	4	12	16	4	12	16
Togo	1	8	9	1	8	9	1	8	9
Upper Volta	1	6	7	1	6	7	1	6	7
Zaire Republic	13	45	58	12	45	57	12	45	57
Zambia	2	10	12	2	10	12	2	10	12
Regional Services (Paris)	3	14	17	3	14	17	3	14	17
Sub-total, Country and Regional Services	93	368	461	91	370	461	91	370	461
Total, Positions	107	368	475	105	370	475	105	370	475

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D. Program Activity Costs (1974 Actual, \$3,509,560; 1975 Estimate, \$3,381,906; 1976 Estimate, \$4,493,928; Increase, \$612,022).

Program activity costs derive from the following: radio, press and publications, motion picture and television, information center and related activities, research, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail. (See "USIS Operations and Direction Summary" for a general description of the nature of each of these activities.)

1. Radio Activities (1974 Actual, \$24,784; 1975 Estimate, \$33,770; 1976 Estimate, \$38,516; Increase, \$4,746).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Local Radio Production	\$ 3,468	\$ 4,482	\$ 5,136	\$ 654
b. Adaptation and Placement	12,338	19,358	23,050	3,692
c. Promotion and Other Costs	8,978	9,930	10,330	400
Total	24,784	33,770	38,516	4,746

This program activity consists of: (a) local production of radio programs; (b) adaptation and placement of U.S.-produced programs; and (c) promotion of the VOA and other radio costs, including local purchase of radio program equipment, supplies, and maintenance.

The increase of \$4,746 will provide for anticipated increased costs of continuing radio activities in thirteen countries at the 1975 level.

2. Press and Publications Activities (1974 Actual, \$410,727; 1975 Estimate, \$416,466; 1976 Estimate, \$472,374; Increase, \$55,908).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. USIS Periodicals	\$ 147,771	\$ 150,250	\$ 167,384	\$ 17,134
b. Information Placement	236,440	239,571	274,178	34,607
c. Pamphlets, Leaflets and Posters	26,516	26,645	30,812	4,167
Total	410,727	416,466	472,374	55,908

This program activity consists of: (a) distribution in most of the African countries of periodicals produced at the Agency's Beirut Regional Service Center, Nigeria, USIS Paris, and Washington; (b) reception and placement of the

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Agency's Wireless File and other informational materials with local publications and radio and television stations, and (c) distribution of pamphlets, leaflets, posters, and photo displays produced at the posts, and at RSC Beirut, USIS Paris, and Washington.

The net increase of \$55,908 will provide for anticipated increased costs in twenty-one countries to continue press and publication activities in the area at the 1975 level.

3. Motion Picture and Television Activities (1974 Actual, \$47,395; 1975 Estimate, \$56,206; 1976 Estimate, \$63,997; Increase, \$7,791).

This program activity consists of: (a) adaptation and placement of Agency-supplied program materials; and (b) distribution and exhibition costs incurred in reaching selected audiences, including local purchase of supplies and equipment, preparation of film catalogs, promotional materials, operation of vehicles and travel.

The increase of \$7,791 will provide for anticipated increased costs of continuing motion picture and television activities in twenty countries at the 1975 level.

4. Information Center and Related Activities (1974 Actual, \$1,247,891; 1975 Estimate, \$1,515,132; 1976 Estimate, \$1,763,003; Increase, \$247,871).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Information Center Operations	\$ 840,754	\$ 1,081,389	\$ 1,272,664	\$ 191,275
b. Book Programs	58,960	58,159	65,070	6,911
c. Exhibits	45,788	51,400	58,676	7,276
d. Presentations	5,003	2,933	3,294	361
e. English-Teaching	84,121	85,699	96,031	10,332
f. Cultural Activities	209,305	235,552	267,268	31,716
Total	1,247,891	1,515,132	1,763,003	247,871

This program activity consists of: (a) operating and space costs of 33 information centers and nine reading rooms; (b) local book translation and distribution costs; (c) local expenses for displaying Agency-produced exhibits and for local production and operation of exhibits; (d) local purchase of books and international editions of American periodicals for presentation to carefully selected government officials, educators, opinion leaders, schools, and

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other groups and institutions; (e) local expenses for purchasing teaching materials and providing contractual arrangements for teaching English to carefully selected groups; and (f) expenses related to cultural activities including USIS-sponsored concerts, lectures, classes, conferences, and seminars; promotion of events under the Special Cultural Presentation Program; and support of the U.S. Government's Exchange of Persons Program and of similar privately-sponsored programs.

The net increase of \$247,871 results from increases of \$604,625 requested to provide \$359,050 for the costs of relocating information centers in the Ivory Coast, Malawi, Tanzania, and Zambia; \$153,575 for anticipated increases in rents, utilities, contractual, and local travel costs in twenty-five countries; and \$92,000 for renewal of multi-year leases in Nigeria due in 1976.

These increases are partially offset by decreases totalling \$356,754 resulting from the 1975 reduction of the USIS program in Burundi and non-recurring costs of renovating or relocating center space in Ghana, Liberia, Zaire, and Zambia.

5. Research (1974 Actual, \$977; 1975 Estimate, \$2,465; 1976 Estimate, \$2,465; No Change).

These funds provide for contractual surveys, local purchase of research materials, and related travel. No change is proposed for 1976 from the 1975 budgeted amount.

6. Program Direction (1974 Actual, \$162,432; 1975 Estimate, \$189,767; 1976 Estimate, \$198,152; Increase \$8,385).

These funds provide for: (a) travel by the Assistant Director for Africa and his staff; (b) travel within each country by the Public Affairs Officer for the purpose of supervising and directing the various USIS activities; and (c) procurement of reference books, magazines, newspapers, and other materials for staff use.

The increase of \$8,385 is requested to provide for the anticipated local travel cost increases in eleven countries.

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7. Direct Administrative Expenses (1974 Actual, \$1,615,354; 1975 Estimate, \$1,668,103; 1976 Estimate, \$1,955,421;
Increase, \$287,321).

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These funds provide for: (a) rent, utilities and maintenance of office, warehouse, garage, and residential space; and (b) other direct administrative expenses, including: purchase of office furniture and equipment, administrative supplies, and residential furniture and appliances, transportation and communications costs; general vehicle operation and maintenance; and other similar expenses.

The net increase of \$287,321 results from increases of \$413,161 requested to provide \$103,500 for the cost of relocating office space in the Ivory Coast, Tanzania, and Zambia; \$33,950 for office and residential space costs in Malawi; \$221,711 for anticipated cost increases in rents, utilities, contractual costs, vehicle maintenance, purchase of supplies and equipment and other similar expenses throughout the area; and \$54,000 for renewal of multi-year residential leases in Nigeria due in 1976.

These increases are partially offset by decreases totalling \$125,940 resulting from the non-recurring costs of multi-year leases in Nigeria paid in 1975 and non-recurring costs of 1975 office space renovations or relocations in Ghana, Liberia, Zaire, and Zambia.

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Summary of Requirements

Dollar and Special Foreign Currency Appropriations

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollar	Foreign	Total	Dollar	Foreign	Total	Dollar	Foreign	Total	Dollar	Foreign	Total
Domestic	14	—	14	14	—	14	14	—	14	—	—	—
Overseas American	93	—	93	91	—	91	91	—	91	—	—	—
Local Positions	265	4	272	270	4	274	270	4	274	—	—	—
Total Positions	475	4	479	475	4	479	475	4	479	—	—	—
Deduct Reimbursable Position Equivalents	- 31	—	- 31	- 31	—	- 31	- 31	—	- 31	—	—	—
Net Positions	444	4	448	444	4	448	444	4	448	—	—	—
FUNDS:												
A. Domestic Employee Compensation and Benefits	\$ 360,175	\$ —	\$ 360,175	\$ 397,955	\$ —	\$ 397,955	\$ 409,015	\$ —	\$ 409,015	\$ 11,060	\$ —	\$ 11,060
B. Overseas American Employee Compensation and Benefits	2,688,718	—	2,688,718	3,017,002	—	3,017,002	3,131,706	—	3,131,706	116,698	—	116,698
C. Local Employee Compensation and Benefits	1,427,693	8,098	1,435,791	1,708,768	11,729	1,720,517	1,908,000	14,195	1,922,195	199,212	2,866	201,078
D. Program Activity Costs:												
1. Radio	26,798	—	26,798	33,770	—	33,770	38,516	—	38,516	4,766	—	4,766
2. Press and Publications	410,727	15,634	426,361	416,466	8,573	425,039	472,375	8,573	480,947	55,908	—	55,908
3. Motion Picture and Television	47,395	—	47,395	56,206	—	56,206	63,997	—	63,997	7,791	—	7,791
4. Information Center and Related Activities	1,267,891	9,248	1,257,139	1,515,132	6,498	1,521,630	1,763,003	6,498	1,769,501	267,871	—	267,871
5. Research	977	—	977	2,465	—	2,465	2,465	—	2,465	—	—	—
6. Program Direction	162,432	1,824	164,256	189,757	1,124	190,891	198,152	1,124	199,276	8,385	—	8,385
7. Direct Administrative Expenses	1,615,754	28,984	1,644,738	1,668,100	29,952	1,698,052	1,955,421	32,810	1,988,231	257,321	2,868	250,159
Sub-total, Activity Costs	3,509,560	55,690	3,565,250	3,881,906	46,157	3,928,051	4,493,928	46,005	4,542,911	612,022	2,868	518,870
Total, Funds	8,182,146	63,788	8,245,734	9,005,651	57,886	9,063,637	9,942,643	61,200	10,005,883	936,992	5,314	942,306
E. Deduct Reimbursements	- 571,563	—	- 571,563	- 579,804	—	- 579,804	- 612,583	—	- 612,583	- 32,729	—	- 32,729
Total, Direct Obligations	7,510,583	63,788	7,574,371	8,425,847	57,886	8,483,773	9,330,100	63,200	9,393,300	904,253	5,314	909,567
F. Deduct Proposed Pay Act Supplemental	XXX	XXX	XXX	- 119,300	—	- 119,300	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	XXX	XXX	8,306,547	57,886	8,364,633	XXX	XXX	XXX	XXX	XXX	XXX

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Accrualization of Costs by Country and Area-Wide Costs

Dollar and Special Foreign Currency Appropriations

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total
Domestic	16	—	16	16	—	16	16	—	16	—	—	—
Overseas American	93	—	93	91	—	91	91	—	91	—	—	—
Local Employees	368	4	372	370	4	374	370	4	374	—	—	—
Total Positions	475	4	479	475	4	479	475	4	479	—	—	—
Deduct Reimbursable Position Equivalents	— 11	—	— 11	— 11	—	— 11	— 11	—	— 11	—	—	—
Net Positions	464	4	465	464	4	465	464	4	465	—	—	—
COSTS INCURRED BY COUNTRY:												
Burundi	\$ 42,072	\$ —	\$ 42,072	\$ 41,026	\$ —	\$ 41,026	\$ 30,643	\$ —	\$ 30,643	\$ 10,301	\$ —	\$ 10,301
Cameroon	261,725	—	261,725	268,551	—	268,551	320,595	—	320,595	31,736	—	31,736
Chad	94,766	—	94,766	96,139	—	96,139	107,295	—	107,295	11,156	—	11,156
Dahomey	103,272	—	103,272	98,504	—	98,504	106,209	—	106,209	7,705	—	7,705
Ethiopia	312,583	—	312,583	366,775	—	366,775	392,772	—	392,772	25,997	—	25,997
Gabon	92,500	—	92,500	92,500	—	92,500	94,500	—	94,500	2,000	—	2,000
Ghana	229,598	—	229,598	247,109	—	247,109	253,179	—	253,179	193,930	—	193,930
Guinea	35,026	4,195	70,812	42,081	47,176	90,015	45,367	52,486	97,875	2,546	5,324	7,860
Ivory Coast	229,698	—	229,698	239,468	—	239,468	335,441	—	335,441	295,963	—	295,963
Kenya	229,873	—	229,873	238,351	—	238,351	267,216	—	267,216	28,665	—	28,665
Lao P.D.R.	29,458	—	29,458	26,594	—	26,594	26,594	—	26,594	—	—	—
Liberia	224,580	—	224,580	228,372	—	228,372	165,424	—	165,424	-59,155	—	-59,155
Malagasy Republic	195,110	—	195,110	193,157	—	193,157	193,157	—	193,157	212,907	—	212,907
Malawi	61,901	—	61,901	61,557	—	61,557	188,755	—	188,755	87,198	—	87,198
Mali	48,017	—	48,017	51,674	—	51,674	55,464	—	55,464	4,999	—	4,999
Madagascar	—	—	—	46,720	—	46,720	46,720	—	46,720	5,759	—	5,759
Niger	83,782	—	83,782	80,262	—	80,262	90,195	—	90,195	50,106	—	50,106
Nigeria	579,485	—	579,485	770,555	—	770,555	1,055,230	—	1,055,230	288,665	—	288,665
Senegal	208,967	—	208,967	238,071	—	238,071	265,423	—	265,423	29,352	—	29,352
Sierra Leone	69,550	—	69,550	77,093	—	77,093	86,598	—	86,598	9,501	—	9,501
Somal Republic	127,099	—	127,099	113,997	—	113,997	113,997	—	113,997	7,795	—	7,795
South Africa	204,799	—	204,799	203,991	—	203,991	236,361	—	236,361	32,490	—	32,490
Tanzania	146,932	—	146,932	152,365	—	152,365	207,148	—	207,148	56,783	—	56,783
Togo	107,065	—	107,065	110,371	—	110,371	125,530	—	125,530	15,159	—	15,159
Uganda	57,926	—	57,926	—	—	—	—	—	—	—	—	—
Upper Volta	50,773	—	50,773	50,745	—	50,745	50,745	—	50,745	4,950	—	4,950
Zaire Republic	50,241	—	50,241	568,371	—	568,371	645,955	—	645,955	77,598	—	77,598
Zambia	126,079	—	126,079	258,895	—	258,895	305,801	—	305,801	57,905	—	57,905
Sub-total, Country Costs	4,759,513	41,986	4,811,599	5,405,707	47,176	5,406,923	6,211,227	52,488	6,263,715	801,400	5,324	806,794
AREA-WIDE COSTS:												
Domestic Employee Compensation and Benefits	360,175	—	360,175	397,955	—	397,955	409,015	—	409,015	11,060	—	11,060
Overseas American Employee Compensation and Benefits	2,572,865	—	2,572,865	2,671,289	—	2,671,289	2,767,170	—	2,767,170	75,882	—	75,882
African Regional Services (Paris)	389,220	—	389,220	422,400	—	422,400	470,971	—	470,971	48,571	—	48,571
African Regional Services (Tunis)	—	—	—	21,802	21,802	—	10,712	10,712	10,712	—	—	—
Other Regional Services	50,272	—	50,272	108,260	—	108,260	108,260	—	108,260	—	—	—
Sub-total, Area-Wide Costs	3,612,531	21,802	3,634,335	3,595,616	10,712	3,606,316	3,731,916	10,712	3,732,128	175,512	—	175,512
Total, Funds	8,182,146	63,788	8,245,734	9,005,551	57,886	9,063,537	9,982,643	63,200	10,005,863	936,994	5,324	942,306
Deduct Reimbursements	571,561	—	571,561	—	—	—	579,806	—	579,806	-614,983	—	-36,739
Total, Direct Obligations	7,610,583	63,788	7,754,371	8,425,867	57,886	8,485,733	9,330,100	63,200	9,393,200	908,433	5,324	909,567
Deduct Proposed Pay Act Supplemental	XXX	XXX	XXX	— 119,300	—	— 119,300	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	XXX	XXX	8,306,267	57,886	8,306,451	8,306,451	XXX	XXX	XXX	XXX	XXX

NORTH AFRICA, NEAR EAST AND SOUTH ASIA PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements.....	\$7,960,816	\$9,019,315	\$10,455,300	\$1,435,985

General StatementI. SUMMARY

In 1976, the Agency will continue to direct operations in 20 countries stretching from Morocco on the west to Bangladesh on the east, and regional programs located in Beirut and London. There are 31 USIS posts, (including an English teaching center in Riyadh and an information center in Jerusalem), and three reading rooms. The Agency also assists six binational centers in Iran and one in Pakistan. A staff of 132 American and 1,003 local employees, including 607 funded under the Special Foreign Currency Program, is provided for these installations and programs. A Washington-based staff of 18 employees directs and supports the overseas operations.

Under the regular dollar appropriation, funds cover operations in 16 countries, and provide support to programs in the Arab Republic of Egypt, India, Pakistan and Tunisia which are predominantly financed with excess foreign currencies.

The budget for 1976 proposes a net increase of \$1,435,985. Principal requirements include built-in local salary costs and anticipated inflationary cost increases throughout the area; the full-year cost of the October 1974 Federal pay raise; full-year cost related to the four positions authorized in 1975 for Near East countries; completion of renovation projects undertaken in 1975 for Arab Republic of Egypt, Israel, Jordan, Pakistan and Syria; and relocation of the USIS facility in Algeria. In 1976 funds are requested for the establishment of a center in Alexandria, Arab Republic of Egypt and increases in the Department of State's Exchange of Persons Program. These increases are offset in part by savings from the elimination of American positions in 1975 and 1976 in Pakistan and Morocco, non-recurring costs resulting from the closing of the Tangier reading room, and non-recurring costs related to the relocation of operations in Colombo, Sri Lanka.

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II. 1974 and 1975 PROGRAMS

Beginning in 1974 and continuing into 1975 world attention has focused on the oil producing Middle East countries. The Agency expanded moderately its programs and shifted manpower and other resources to give appropriate focus and emphasis to the increased role of the U.S. in Arab-Israeli negotiations and in other Middle East developments. A USIS operation was established for the first time in the United Arab Emirates; the resumption of diplomatic relations with Syria was accompanied by the opening of a cultural and information program, and enlargement of U.S.-Egyptian relations required corresponding increases of USIS staff and programs. In all, six additional American positions were authorized for these programs in 1975.

III. 1976 PLANS

In both the Middle East and South Asia, continuing evolution to more normal relations will offer gradually increasing opportunities for cultural and media programs in 1976. This is particularly true of Middle East countries. We propose to open an information center in Alexandria, Arab Republic of Egypt, and consolidate the recent increases in Jordan, Syria and the United Arab Emirates. We also plan to complete the renovation of facilities in the Arab Republic of Egypt, Israel, Jordan, and Syria and to relocate USIS activities in Algeria. The staff required for Alexandria will be offset by reductions in other countries in the Area. The Department of State proposes to expand the Exchange of Persons Program in the area and will reimburse the Agency to cover the increased Exchange Program support required.

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Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)	Page Ref.
POSITIONS:					
Domestic.....	18	18	18	--	
Overseas American.....	126	130	132	2	
Local Employees.....	394	392	396	4	
Total Positions.....	<u>538</u>	<u>540</u>	<u>546</u>	<u>6</u>	
Deduct Reimbursable Position Equivalents.....	-21	-21	-28	-7	10-6
Net Positions.....	<u>517</u>	<u>519</u>	<u>518</u>	<u>-1</u>	
FUNDS:					
A. Domestic Employee Compensation and Benefits.....	\$ 463,030	\$ 435,319	\$ 447,794	\$ 12,475	10-4
B. Overseas American Employee Compensation and Benefits..	<u>3,734,956</u>	<u>4,063,974</u>	<u>4,319,808</u>	<u>255,834</u>	10-4
C. Local Employee Compensation and Benefits.....	1,614,632	1,952,320	2,406,079	453,759	10-5
D. Program Activity Costs:					
1. Radio.....	5,578	9,599	9,599	--	
2. Press and Publications.....	184,398	223,046	266,568	43,522	10-7
3. Motion Picture and Television.....	20,999	26,551	29,267	2,716	10-7
4. Information Center and Related Activities.....	753,869	1,047,533	1,362,729	315,196	10-8
5. Binational Centers.....	169,695	143,020	164,470	21,450	10-9
6. Research.....	6,105	4,438	4,438	--	10-9
7. Program Direction.....	100,414	152,085	170,373	18,288	10-9
8. Direct Administrative Expenses.....	1,259,064	1,309,599	1,736,872	427,273	10-10
Sub-total. Activity Costs.....	<u>2,500,122</u>	<u>2,915,871</u>	<u>3,744,316</u>	<u>828,445</u>	
E. Total, Funds.....	8,312,740	9,367,484	10,917,997	1,550,513	
E. Deduct Reimbursements.....	-351,924	-348,169	-462,697	-114,528	
E. Total, Direct Obligations.....	<u>7,960,816</u>	<u>9,019,315</u>	<u>10,455,300</u>	<u>1,435,985</u>	
F. Deduct Proposed Pay Act Supplemental.....	xxxx	-165,000	xxxx	xxxx	
F. Total, 1975 Enacted Appropriations.....	xxxx	8,854,315	xxxx	xxxx	

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NORTH AFRICA, NEAR EAST AND SOUTH ASIA

FUNDS:

- A. Domestic Employee Compensation and Benefits (1974 Actual, \$463,030; 1975 Estimate, \$435,319; 1976 Estimate, \$447,794; Increase, \$12,475).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Positions.....	18	18	18	--
Man-Years.....	19.5	17.7	17.7	--
Salary and direct benefit costs.....	\$ 463,030	\$ 435,319	\$ 447,794	\$ 12,475

The increase of \$12,475 will provide \$7,628 for the full-year costs of the October 13, 1974 Federal pay raise; \$3,249 for within-grade increases in 1976; and \$1,598 for an additional extra day's pay in 1976.

- B. American Employee Compensation and Benefits (1974 Actual, \$3,734,956; 1975 Estimate, \$4,063,974; 1976 Estimate, \$4,319,808; Increase, \$255,834).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Positions.....	126	130	132	2
Man-Years.....	123.8	126.1	131.1	5.0
1. Salary and Direct benefit costs.....	\$3,147,490	\$3,430,420	\$3,611,819	\$ 181,399
2. Hardship Post Differential.....	292,720	318,657	342,210	23,553
3. Foreign Service Allowances.....	281,851	285,070	333,174	48,104
4. Rest and Recuperation Travel.....	12,895	29,827	32,605	2,778
Total.....	3,734,956	4,063,974	4,319,808	255,834

The net increase of \$255,834 results from:

- \$60,575 for full-year costs of the October 13, 1974 Federal pay raise;
- \$96,823 for full-year costs of positions added in 1975 and funded for part of the year;
- \$31,282 for within grade increases in 1976;
- \$15,385 for an additional extra day's pay in 1976;
- \$50,882 for anticipated inflationary costs in allowances and rest and recuperation travel for Americans assigned overseas;
- \$15,142 for the addition of one position in 1976 related to the proposed establishment of a center in Alexandria, Arab Republic of Egypt; and

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- g. \$49,416 for the addition of three positions in 1976 related to the proposed increase in the Department of State's Exchange of Persons Program.

The above increases are partially offset by the full-year savings of \$15,876 resulting from the elimination of one position in 1975 and a savings of \$47,795 resulting from a reduction of two positions in 1976.

- C. Local Employee Compensation and Benefits (1974 Actual, \$1,614.632; 1975 Estimate, \$1,952.320; 1976 Estimate, \$2,406.079; Increase \$453.759).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions.....	394	392	396	4
Man-Years.....	352.7	366.7	371.3	4.6
Salary and direct benefit costs.....	\$1,614,632	\$1,952,320	\$2,406,079	\$453.759

The increase of \$453,759 is requested to provide:

- a. \$22,921 for the full-year costs of local employee within-grade increases and promotions effective for part of 1975;
- b. \$56,227 for within-grade increases and promotions in 1976;
- c. \$343,620 for local employee wage-scale increases, consisting of \$100,606 for full-year costs of increases effective for part of 1975 and \$243,014 for increases anticipated in 1976;
- d. \$25,040 for full-year costs of positions added in 1975 and funded for part of the year;
- e. \$9,775 for an additional extra day's pay in 1976; and
- f. \$19,915 for the addition of four positions in 1976 related to the proposed increase in the Department of State's Exchange of Persons Program.

The above increases are partially offset by the full-year savings of \$23,739 resulting from a reduction of six positions in 1975.

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Domestic, Overseas, American and local employee compensation and benefits provide for dollar-funded positions in the Area as follows:

	1974 Actual			1975 Estimate			1976 Estimate		
	Amer.	Local	Total	Amer.	Local	Total	Amer.	Local	Total
<u>Domestic</u>	18	--	18	18	--	18	18	--	18
<u>Country or Regional Element</u>									
Afghanistan.....	5	17	22	5	17	22	5	17	22
Algeria.....	2	7	9	2	7	9	2	7	9
Arab Republic of Egypt.....	2	--	2	4	--	4	6	--	6
Bangladesh.....	5	48	53	5	48	53	5	48	53
India.....	32	--	32	32	--	32	33	--	33
Iran.....	15	93	108	15	93	108	15	94	109
Israel.....	5	37	42	5	38	43	5	38	43
Jordan.....	1	17	18	2	17	19	2	18	20
Kuwait.....	2	6	8	2	5	7	2	5	7
Lebanon.....	5	36	41	5	36	41	5	36	41
Morocco.....	11	40	51	10	34	44	9	34	43
Nepal.....	3	29	32	3	29	32	3	29	32
Pakistan.....	18	--	18	17	--	17	16	--	16
Saudi Arabia.....	5	11	16	5	12	17	5	12	17
Sri Lanka.....	4	28	32	4	28	32	4	28	32
Sudan.....	1	12	13	2	13	15	2	13	15
Syria.....	1	6	7	2	6	8	3	7	10
Tunisia.....	5	--	5	5	--	5	5	--	5
United Arab Emirates.....	1	2	3	2	3	5	2	4	6
Yemen Arab Republic.....	1	1	2	1	2	3	1	2	3
Arabic Regional Program (Beirut).....	1	2	3	1	2	3	1	2	3
Regional Program (London).....	1	2	3	1	2	3	1	2	3
Sub-total, Country or Regional.....	126	394 a/	520	130	392 a/	522	132	396 a/	528
Total, Positions.....	144	394	538	148	392	540	150	396	546

a/ Additional local positions are funded under the estimate for the Special Foreign Currency Appropriation as follows:
 635 in 1974; 603 in 1975; and 607 in 1976.

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D. Program Activity Costs (1974 Actual, \$2,500,122; 1975 Estimate, \$2,915,871; 1976 Estimate, \$3,744,316; Increase, \$828,445).

Program activity costs derive from the following activities: radio, press and publications, motion pictures and television, information center related activities, binational center assistance, research, program direction, and direct administrative expenses. The estimates for each of these activities is shown below in detail. (See "USIS Operations and Direction Summary" for a general description of the nature of each of these activities.)

1. Radio Activities (1974 Actual, \$5,578; 1975 Estimate, \$9,599; 1976 Estimate, \$9,599; No Change).

Radio activities consist of local production of radio programs; purchase of radio supplies, equipment and repairs; and promotion of VOA and other costs. No change is proposed for 1976 from the 1975 budgeted amount.

2. Press and Publication Activities (1974 Actual, \$184,398; 1975 Estimate, \$223,046; 1976 Estimate, \$266,568; Increase, \$43,522).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. USIS periodicals.....	\$ 86,339	\$101,978	\$126,614	\$24,636
b. Information placement.....	91,421	110,177	127,187	17,010
c. Pamphlets, leaflets and posters.....	6,638	10,891	12,767	1,876
Total	184,398	223,046	266,568	43,522

This program activity consists of: (a) one major periodical produced and distributed in Iran, and distribution of other Agency-produced periodicals in the other countries; (b) reception and placement of the Agency's Wireless File and other informational materials (special articles, features, and reprints) with local publications and radio and television stations; and (c) distribution of pamphlets, leaflets, and photo displays produced at the posts, and other Agency facilities.

The increase of \$43,522 provides for anticipated cost increases for postage and the purchase of paper, materials and supplies in 14 countries throughout the area.

3. Motion Picture and Television Activities (1974 Actual, \$20,999; 1975 Estimate, \$26,551; 1976 Estimate, \$29,267; Increase \$2,716).

Motion picture and television activities in the Near East, North Africa and South Asia area consist of: (a) adaptation and placement of Agency supplied materials; (b) distribution and exhibition costs incurred in reaching selected audiences; and (c) promotion, travel and other distribution costs.

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The increase of \$2,716 provides for anticipated cost increase for services and materials in eight countries.

4. Information Center and Related Activities (1974 Actual, \$753,869; 1975 Estimate, \$1,047,533; 1976 Estimate, \$1,362,729; Increase, \$315,196).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Information center operations.....	\$409,653	\$ 708,413	\$ 984,927	\$276,514
b. Book translations.....	7,068	10,195	10,195	--
c. Exhibits.....	42,215	60,866	69,866	9,000
d. Presentations.....	3,263	4,882	4,882	--
e. English-teaching.....	127,728	76,157	87,864	11,707
f. Cultural activities.....	163,942	187,020	204,995	17,975
Total.....	753,869	1,047,533	1,362,729	315,196

Of the 24 information centers in operation in the North Africa, Near East and South Asia area in 1975, 14 are covered in this section of the budget. Where local situations permit, a single, attractive American Center operates as the focus of coordinated and targeted USIS programming in each city. Other activities include book translations and English teaching programs in certain countries. USIS support to the Educational Exchange Program and to Special Cultural Presentations. USIS sponsorship of lectures and concerts, and assistance to local groups in carrying on cultural activities in the interests of the U.S. are also included under cultural activities.

The net increase of \$315,196 results from:

- a. \$98,400 to cover the U.S. purchase and shipping of a generator, light fixtures, plumbing fixtures, audio-visual equipment, library chairs, tables and supplies for the relocated center in Islamabad, Pakistan;
- b. \$61,000 to fund the purchase and shipment of carpeting, library furniture, and other materials and equipment for the library/center in Cairo, Arab Republic of Egypt;
- c. \$152,825 is required to fund the completion costs of the USIS center in Amman, Jordan, including a 3-year advance rental amount of \$96,900. Completion costs cover restoration, relocation, interior decorations and accessories;
- d. \$55,000 will be required as completion costs of renovating the center lobby and library in Tel Aviv, Israel, which includes enlarging the lobby for exhibit purposes and reorganizing the library for specialized schematic themes;
- e. \$76,000 to renovate and air-condition the USIS center in Jidda, Saudi Arabia (\$50,000) and complete the furnishing of the new facility in Damascus, Syria (\$26,000);

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- f. \$23,000 to fund the decorating and furnishings of the USIS center in Alexandria, Arab Republic of Egypt;
- g. \$70,799 for anticipated cost increases for center lease renewals and related utility services; and
- h. \$64,786 for anticipated cost increases for contractual services, supplies and materials.

The above increases are partially offset by:

- a. \$75,000 non-recurring cost of the purchase of air-conditioning equipment for the new center in Islamabad, Pakistan;
- b. \$67,994 non-recurring cost of a 2-year advance rental (\$33,000), renovations (\$13,500), library furnishings and related items of equipment (\$21,494) for Damascus, Syria;
- c. \$43,000 non-recurring cost of air conditioning and related electrical equipment for the office and USIS center in Colombo, Sri Lanka;
- d. \$45,000 non-recurring cost of air conditioning and electrical equipment for the center in Cairo, Arab Republic of Egypt;
- e. \$24,100 non-recurring purchase and shipment of air conditioning and materials for the center and office at Amman, Jordan; and
- f. \$31,520 non-recurring costs associated with renovating a portion of the center in Tel Aviv, Israel; closing the reading room in Tangier, Morocco; and a workshop on student counseling.

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5. Binational Centers (1974 Actual, \$169,695; 1975 Estimate, \$143,020; 1976 Estimate, \$164,470; Increase, \$21,450).

Binational center assistance consists of cash grants to support operating expenses of the six centers in Iran and to fund special activities undertaken by the centers in support of USIS Programs. The proposed change will provide for anticipated cost increases in 1976 for supplies and contract services.

6. Research Activities (1974 Actual, \$6,105; 1975 Estimate, \$4,438; 1976 Estimate, \$4,438; No Change).

These funds provide chiefly for local purchase of supplies, and travel. No change is proposed for 1976 from the 1975 budgeted amount.

7. Program Direction (1974 Actual, \$100,414; 1975 Estimate, \$152,085; 1976 Estimate, \$170,373; Increase, \$18,288).

These funds provide for travel of domestic direction staff, consultation and conference travel, the travel of Public Affairs Officers and USIS staff for the purpose of supervising and directing USIS activities, and purchase of reference

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materials, including newspapers, books and magazines for staff use. An increase of \$18,288 is requested in 1976 to cover anticipated increases in international air fares to and from the U.S. and cost increases for locally procured materials.

8. Direct Administrative Expenses (1974 Actual, \$1,259,064; 1975 Estimate, \$1,309,599; 1976 Estimate, \$1,736,872; Increase, \$427,273).

These funds provide for: office and residential space costs in 10 countries and for miscellaneous administrative expenses in all countries including purchase of furniture, supplies and equipment transportation, communications, and similar expenses.

The increase of \$427,273 will provide for:

- a. \$100,000 projected requirements for relocating the USIS offices in Algiers, covering 2-year advance rental (\$60,000) and preparation of space, utilities and furnishings (\$40,000);
- b. \$131,530 for the initial 2-year advance residential rental and furnishings for each of four positions authorized late in 1975 (Sudan, \$28,100; Jordan, \$24,300; United Arab Emirates \$45,500, and Syria, \$32,630);
- c. \$34,661 for residential rent, furnishing and support of the American position in support of the proposed increase in the Department of State's Exchange of Persons Program in Syria;
- d. \$14,528 for the purchase of furniture and furnishings for the proposed new position for Alexandria Arab Republic of Egypt;
- e. \$119,219 for anticipated cost increases for office and residential lease renewals and utilities; and
- f. \$101,208 for anticipated inflationary cost increases for the local purchase of supplies and materials throughout the area.

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These increases are partially offset by:

- a. \$62,982 for the 2-year advance rental for the positions authorized in 1975 for Syria (\$32,630) and United Arab Emirates (\$30,352);
- b. \$4,728 non-recurring cost of one residential rental in Morocco; and
- c. \$6,163 non-recurring cost of a portion of the 2-year advance rental of office space in Syria.

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Summary of Requirements - Dollar and Foreign Currency Appropriation

	1976 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
POSITIONS:												
Domestic.....	18	--	18	18	--	18	18	--	18	--	--	--
Overseas Americans.....	126		126	130		130	132		132	2		2
Local Employees.....	394	635	1,029	392	603	995	396	607	1,003	4	6	8
Total Positions.....	538	635	1,173	540	603	1,143	546	607	1,153	6	4	10
Deduct Reimbursable Position Equivalents.....	-21	-13	-34	-21	-13	-34	-28	-17	-45	-7	-4	-11
Net Positions.....	517	622	1,139	519	590	1,109	518	590	1,108	-1	--	-1
FUNDS:												
A. Domestic Employee Compensation and Benefits.....	\$ 463,030	\$ --	\$ 463,030	\$ 435,319	\$ --	\$ 435,319	\$ 447,794	\$ --	\$ 447,794	\$ 12,475	\$ --	\$ 12,475
B. American Employee Compensation and Benefits.....	3,734,956	63,189	3,798,145	4,063,974	67,834	4,131,808	4,319,808	61,013	4,400,821	255,834	13,179	269,013
C. Local Employee Compensation and Benefits.....	1,614,632	1,834,840	3,449,472	1,952,320	2,069,636	4,021,956	2,406,079	2,670,291	4,876,370	453,759	400,655	854,416
D. Program Activity Costs.....												
1. Radio.....	5,578	66,971	72,549	9,599	71,944	81,543	9,599	82,824	92,423	--	10,880	10,880
2. Press and Publications.....	184,398	1,399,852	1,584,250	223,046	1,631,315	1,854,361	266,568	1,881,493	2,150,061	43,522	252,178	295,700
3. Motion Picture and Television.....	20,999	63,254	84,253	26,551	93,732	120,283	29,267	106,866	137,953	2,716	16,954	17,670
4. Information Center and Related Activities.....	753,869	1,757,764	2,511,633	1,047,533	2,027,122	3,074,655	1,362,729	2,402,425	3,765,154	315,196	375,303	690,499
5. Binational Centers.....	169,695	--	169,695	143,020	--	143,020	164,470	--	164,470	21,450	--	21,450
6. Research.....	6,105	7,562	13,667	4,438	7,714	12,152	4,438	7,714	12,152	--	--	--
7. Program Direction.....	100,416	282,667	383,081	152,085	323,853	475,938	170,373	359,883	530,256	18,288	36,030	54,318
8. Direct Administrative Expenses.....	1,259,064	1,011,720	2,270,784	1,309,599	1,250,886	2,560,685	1,716,872	1,485,785	3,222,657	427,273	234,899	662,172
Sub-total, Activity Costs.....	2,500,122	4,387,790	7,089,912	2,915,871	5,406,566	8,322,437	3,764,316	6,330,810	10,075,126	828,645	924,244	1,752,689
Total, Funds.....	8,312,740	6,487,819	14,800,559	9,367,486	7,544,036	16,911,520	10,917,997	8,882,114	19,800,111	1,550,513	1,338,078	2,888,591
E. Deduct Rebursements.....	-351,924	-60,536	-612,460	-348,169	-61,416	-409,933	-442,697	-90,414	-553,211	-114,528	-29,000	-143,528
Total Direct Obligation.....	7,960,816	6,427,283	14,388,099	9,019,315	7,482,622	16,501,937	10,455,300	8,791,700	19,247,000	1,435,985	1,309,078	2,745,063
F. Deduct Proposed Pay Act Supplemental.....	XXX	XXX	XXX	-165,000	--	-165,000	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriations...	XXX	XXX	XXX	8,856,315	7,482,622	16,336,937	XXX	XXX	XXX	XXX	XXX	XXX

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NORTH AFRICA, NEAR EAST AND SOUTH ASIA PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

	1976 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
POSITIONS:												
Domestic.....	18	--	18	18	--	18	18	--	18	--	--	--
Overseas Americans.....	126	--	126	130	--	130	132	--	132	2	--	?
Local Employees.....	394	635	1,029	392	603	995	396	607	1,003	4	4	8
Total Positions.....	538	635	1,173	560	603	1,143	566	607	1,153	6	6	10
Debt Reimbursable Position Equivalents.....	-21	-13	-34	-21	-13	-34	-28	-17	-65	-7	-6	-11
Net Positions.....	517	622	1,139	519	590	1,109	518	590	1,108	-1	--	-1
COSTS BUDGETED BY COUNTRY:												
Afghanistan.....	\$ 176,697	\$ --	\$ 176,697	\$ 201,653	\$ --	\$ 201,653	\$ 239,320	\$ --	\$ 239,320	\$ 37,667	\$ --	\$ 37,667
Algeria.....	101,615	--	101,615	112,425	--	112,425	229,943	--	229,943	117,518	--	117,518
Arab Republic of Egypt.....	7,501	91,772	99,273	58,831	356,570	415,401	117,632	334,343	451,975	58,801	-22,227	36,576
Bangladesh.....	325,235	--	325,236	336,413	--	336,413	392,891	--	392,891	56,478	--	56,478
India.....	54,161	4,941,297	4,995,458	57,746	5,540,865	5,598,611	68,419	6,415,333	6,483,752	10,673	874,-08	885,141
Iran.....	943,212	--	943,212	1,063,426	--	1,063,426	1,299,595	--	1,299,595	236,169	--	236,169
Israel.....	427,056	--	427,056	518,814	--	518,814	681,970	--	681,970	163,156	--	163,156
Jordan.....	156,185	--	156,185	188,383	--	188,383	410,100	--	410,100	221,717	--	221,717
Kuwait.....	136,362	--	136,362	136,287	--	136,287	159,533	--	159,533	25,246	--	25,246
Lebanon.....	329,489	--	329,489	403,397	--	403,397	470,150	--	470,150	66,753	--	66,753
Morocco.....	54,242	--	54,242	55,010	--	55,010	58,236	--	58,236	65,36	--	65,36
Nepal.....	156,644	--	156,644	125,112	--	125,112	180,273	--	180,273	25,161	--	25,161
Pakistan.....	64,501	800,307	864,888	146,838	931,118	1,077,956	182,950	1,331,000	1,511,950	112	399,882	431,994
Saudi Arabia.....	237,602	--	237,602	275,232	--	275,232	375,238	--	375,238	100,006	--	100,006
Sri Lanka.....	204,430	--	204,430	248,243	--	248,243	235,140	--	235,140	-13,103	--	-13,103
Sudan.....	180,879	--	180,879	178,554	--	178,554	231,795	--	231,795	53,240	--	53,240
Syria.....	--	--	--	168,000	--	168,000	167,183	--	167,183	-817	--	-817
Tunisia.....	35,142	304,532	339,674	38,334	324,514	362,848	41,470	370,469	411,939	3,136	45,955	49,091
United Arab Emirates.....	--	--	--	106,950	--	106,950	143,196	--	143,196	36,246	--	36,246
Yemen Arab Republic.....	35,626	--	35,626	42,525	--	42,525	50,655	--	50,655	8,130	--	8,130
Arab Regional Program (Beirut).....	69,584	--	69,584	53,097	--	53,097	65,962	--	65,962	12,865	--	12,865
Regional Program (London).....	36,365	--	36,365	32,794	--	32,794	39,050	--	39,050	6,256	--	6,256
Sub-total, Country Costs.....	4,217,719	6,137,988	10,355,707	5,054,614	7,153,067	12,207,681	6,581,700	8,451,145	14,832,845	1,327,086	1,298,078	2,625,184
AREA-WIDE COSTS:												
Domestic Costs.....	503,626	--	503,626	494,619	--	494,619	513,094	--	513,094	18,475	--	18,475
American Employee Compensation and Benefits ^{a/}	3,440,210	--	3,440,210	3,749,077	--	3,749,077	3,954,029	--	3,954,029	204,952	--	204,952
Regional Services.....	151,185	349,831	501,016	69,174	390,969	460,143	69,174	430,969	500,143	--	40,000	40,000
Sub-total, Area-Wide Costs.....	4,095,021	349,831	4,444,832	4,312,870	390,969	4,703,839	4,536,297	430,969	4,967,266	223,427	40,000	263,427
Total, Funds.....	8,312,740	6,487,819	14,800,559	9,367,484	7,544,036	16,911,520	10,917,997	8,882,214	19,800,111	1,550,513	1,338,078	2,888,591
Debt Reimbursement.....	-391,924	-60,536	-452,460	-348,169	-81,616	-409,583	-462,697	-90,416	-553,111	-114,528	-29,000	-163,528
Total Direct Obligations.....	7,909,816	6,427,283	14,388,099	9,019,513	7,482,622	16,501,937	10,455,305	8,791,700	19,267,000	1,435,985	1,309,078	2,745,063
Debt Provided For Act Supplemental.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriations.....	XXX	XXX	XXX	8,054,315	7,482,622	16,356,937	XXX*	XXX	XXX	XXX	XXX	XXX

^{a/} Excludes Foreign Service Allowances paid at post which are included in country costs.

LATIN AMERICAN PROGRAM

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Summary of Requirements	\$ 13,244,249	\$ 14,332,487	\$ 16,455,900	\$ 2,123,413

General Statement

I. SUMMARY

The Agency conducts informational and cultural programs in 22 countries in Latin America and the Caribbean. These activities are carried out at 33 posts in major cities and at distribution outlets in nine provincial locations. The Agency also provides some assistance to 81 binational centers in 18 countries.

The net increase of \$2,123,413 in 1976 is requested to cover wage, cost and other built-in increases to maintain USIS programs at essentially present levels and capital assistance to information and binational centers in three countries. The 1976 program will also provide additional support to the Department of State's Exchange of Persons program in the Area. The increased costs will be reimbursed by the Department.

II. 1974 and 1975 PROGRAM

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The U.S. has security, political-psychological and economic interests in Latin America and the Caribbean based on such factors as geographic proximity, strategic resources, U.S. trade and investment, and Latin America's growing importance in world affairs. These interests, plus rising nationalism and the increasingly independent position assumed by Latin American governments in the conduct of their foreign affairs, affect U.S. relations with the area. In recent years, problems in our relations with Latin America have stemmed primarily from expropriation of U.S. private investment, U.S. trade and fiscal policies, fisheries and territorial seas disputes, the Panama Canal Treaty negotiations, illicit drug trafficking, and U.S. policy toward Cuba.

Agency programs in the last few years have been formed around three basic priorities designed to deal with major U.S.-Latin American issues. We have attempted to provide a greater understanding of and support for U.S. economic policies, particularly those involving monetary, trade, aid, and private investment, and to promote increased trade and tourism between the U.S. and Latin America. We have tried to increase knowledge and understanding of U.S. foreign policy by discussing U.S. objectives and views on specific issues such as fisheries, territorial seas, U.S. trade legislation, and special problems involving Cuba. We have also tried to develop a better understanding of the political and socio-economic changes occurring in American society; to show that the U.S. economy is basically strong; and to increase respect for U.S. achievements in education, science and technology, and the arts as we reach our 200th Anniversary.

LATIN AMERICAN PROGRAM

III. 1976 PLANS

The 1976 budget reflects a net increase of \$2,123,413 comprised of \$2,188,137 in built-in increases for staff and programs to be continued throughout 1976, and \$240,000 for renovation or relocation projects in Argentina, Haiti, Panama, and Arequipa, Peru, and \$55,256, one American, and three local positions for added support related to the proposed increase in the Department of State's Exchange of Persons Program, partially offset by reductions of \$359,980 representing non-recurring costs of a binational center assistance loan and severance payments in Guatemala and renovation or relocation projects in Chile, Colombia, Ecuador, and Lima, Peru, and an increase in the reimbursement from the Department of State for added support costs. The principal impact of wage and cost increases is reflected in USIS operating costs in Argentina, Brazil, Mexico, and Venezuela.

Estimates for program materials supplied by the media services in direct support to overseas activities are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service, and Broadcasting Service sections of this budget. In addition, the Department of State provides administrative support services to overseas missions on a reimbursable basis, the detailed estimates for which are contained in the Administrative Support section.

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Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
<u>POSITIONS:</u>					
Domestic	17	17	17	--	
Overseas Americans	185	174	175	1	
Local Employees	640	640	643	3	
Total Positions	842	831	835	4	
Deduct Reimbursable Position Equivalents	- 49	- 49	- 53	- 4	
Net Positions	793	782	782	--	
<u>FUNDS:</u>					
A. Domestic Employee Compensation and Benefits	\$ 374,725	\$ 416,563	\$ 428,738	\$ 12,175	11-4
B. Overseas American Employee Compensation and Benefits	5,099,825	5,350,401	5,513,087	162,686	11-4
C. Local Employee Compensation and Benefits	4,139,295	5,105,891	6,573,540	1,467,549	11-5
D. Program Activity Costs:					
1. Radio	107,346	118,956	140,844	21,888	11-7
2. Press and Publications	240,531	254,312	301,107	46,795	11-7
3. Motion Pictures and Television	204,005	217,939	258,040	40,101	11-8
4. Information Center and Related Activities	1,336,557	1,125,808	1,312,955	187,147	11-8
5. Binational Centers	617,481	611,904	664,499	52,595	11-9
6. Research	9,376	12,336	12,336	--	11-9
7. Program Direction	228,424	226,944	251,000	24,056	11-10
8. Direct Administrative Expenses	1,645,622	1,692,741	1,904,842	212,101	11-10
Sub-total, Activity Costs	4,389,342	4,260,940	4,845,623	584,683	
Total, Funds	14,003,187	15,133,795	17,360,988	2,227,193	
E. Deduct Reimbursements	- 758,938	- 801,308	- 905,088	- 103,780	
Total, Direct Obligations	13,244,249	14,332,487	16,455,900	2,123,413	
F. Deduct Proposed Pay Act Supplemental	XXX	- 193,400	XXX	XXX	
Total, 1975 Enacted Appropriation	XXX	14,139,087	XXX	XXX	

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LATIN AMERICAN PROGRAM

A. Domestic Employee Compensation and Benefits (1974 Actual, \$374,725; 1975 Estimate, \$416,563; 1976 Estimate, \$428,738; Increase, \$12,175).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-time Permanent Positions	17	17	17	--
Total Man-Years	16.1	16.7	16.7	--
Salary and Direct Benefit Costs	\$ 374,725	\$ 416,563	\$ 428,738	\$ 12,175

The net increase of \$12,175 reflects \$6,754 for the full-year costs of the October, 1974, Federal pay raise, \$3,742 for within-grade salary increases, and \$1,679 for an additional extra day's pay in 1976.

B. American Employee Compensation and Benefits (1974 Actual, \$5,099,825; 1975 Estimate, \$5,350,401; 1976 Estimate, \$5,513,087; Increase, \$162,686).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-time Permanent Positions	185	174	175	1
Total Man-Years	184.2	173.9	173.8	- .1
1. Salary and Direct Benefit Costs	\$ 4,395,410	\$ 4,553,315	\$ 4,632,229	\$ 78,914
2. Hardship Post Differential	117,595	124,843	126,535	1,692
3. Foreign Service Allowances	570,167	647,759	729,839	82,080
4. Rest and Recuperation Travel	16,653	24,484	24,484	--
TOTAL	5,099,825	5,350,401	5,513,087	162,686

The net increase of \$162,686 reflects increases of \$42,524 for within-grade salary increases, \$74,342 for full-year costs of the October, 1974, Federal pay raise, \$18,536 for an additional extra day's pay in 1976, \$82,080 for projected inflationary increases in foreign service allowances, and \$14,477 for one additional American officer in Brazil in support of Department of State's Exchange of Persons Program Activities, partially offset by savings of \$69,273 for 11 positions dropped in 1975.

LATIN AMERICAN PROGRAM

C. Local Employee Compensation and Benefits (1974 Actual, \$4,139,295; 1975 Estimate, \$5,105,891; 1976 Estimate, \$6,573,540; Increase, \$1,467,649).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Full-time Permanent Positions	640	640	643	3
Total Man-Years	610.2	618.4	620.7	2.3
Salary and Direct Benefit Costs	\$ 4,139,295	\$ 5,105,891	\$ 6,573,540	\$ 1,467,649

The net increase is requested to provide:

- a. \$542,433 for full-year costs of 1975 local wage increases;
- b. \$722,704 for anticipated new local wage increases in 1976;
- c. \$118,400 for within-grade salary increases;
- d. \$ 37,760 for full-year costs of promotions;
- e. \$ 24,791 for the costs of an additional extra day's pay in 1976; and
- f. \$ 30,911 for three additional local employees to support expanded Exchange of Persons Program Activities in Brazil (two positions) and Venezuela (one position).

The above increases are partially offset by a decrease of \$9,350 representing non-recurring severance pay costs in Guatemala.

Domestic Direction and Overseas Americans and Local Employee Compensation and Benefits provide for American and local employee positions in the Latin American area as follows:

LATIN AMERICAN PROGRAM

	1974 Actual			1975 Estimate			1976 Estimate		
	American	Local	Total	American	Local	Total	American	Local	Total
<u>Domestic Positions</u>	17	--	17	17	--	17	17	--	17
<u>Country Positions:</u>									
Argentina	19	62	81	10	62	72	10	62	72
Bolivia	5	27	32	5	27	32	5	27	32
Brazil	38	140	178	39	140	179	40	142	182
Chile	14	41	55	12	41	53	12	41	53
Colombia	14	29	43	14	32	46	14	32	46
Costa Rica	3	12	15	3	12	15	3	12	15
Dominican Republic	2	9	11	3	9	12	3	9	12
Ecuador	8	25	33	8	25	33	8	25	33
El Salvador	4	9	13	3	9	12	3	9	12
Guatemala	4	26	30	4	23	27	4	23	27
Guyana	2	10	12	2	10	12	2	10	12
Haiti	2	8	10	2	8	10	2	8	10
Honduras	3	8	11	3	8	11	3	8	11
Jamaica	2	6	8	2	6	8	2	6	8
Mexico	21	84	105	21	84	105	21	84	105
Nicaragua	3	8	11	2	8	10	2	8	10
Panama	4	21	25	4	21	25	4	21	25
Paraguay	4	10	14	4	10	14	4	10	14
Peru	12	29	41	12	29	41	12	29	41
Trinidad.....	2	12	14	2	12	14	2	12	14
Uruguay	6	33	39	6	33	39	6	33	39
Venezuela	13	31	44	13	31	44	13	32	45
Sub-total, Country Positions	185	640	825	174	640	814	175	643	818
Total, Positions	202	640	842	191	640	831	192	643	835

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D. Program Activity Costs (1974 Actual, \$4,389,342; 1975 Estimate, \$4,260,940; 1976 Estimate, \$4,845,623; Increase, \$584,683).

Program activity costs derive from the following: radio, press and publications, motion picture and television, information center and related activities, binational center assistance, research, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail. (See "USIS Operations and Direction Summary" for a general description of the nature of each of these activities).

1. Radio Activities (1974 Actual, \$107,346; 1975 Estimate, \$118,956; 1976 Estimate, \$140,844; Increase, \$21,888).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Local Radio Production	\$ 33,986	\$ 37,590	\$ 44,507	\$ 6,917
b. Adaptation and Placement	70,636	78,273	92,675	14,402
c. Promotion and Other Costs	2,724	3,093	3,662	569
Total	107,346	118,956	140,844	21,888

This program activity consists of: (a) local production of radio programs; (b) adaptation and placement of U.S.-produced programs; and (c) promotion of VOA and other radio costs, including radio supplies, equipment and repairs. The increase of \$21,888 reflects cost increases necessary for the continuance of the 1975 program level in 1976.

2. Press and Publications Activities (1974 Actual, \$240,531; 1975 Estimate, \$254,312; 1976 Estimate, \$301,107; Increase, \$46,795).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. USIS Periodicals	\$ 31,497	\$ 42,294	\$ 50,656	\$ 7,862
b. Information Placement	173,543	163,820	193,956	30,136
c. Pamphlets, Leaflets, Posters	35,491	42,698	56,495	8,297
Total	240,531	254,312	301,107	46,795

This program activity consists of: (a) distribution in most countries of the Area of periodicals produced at the Agency's Mexico Regional Service Center and Washington; (b) reception and placement of the Agency's Wireless File and other information materials (special articles, features, reprints, and photos) with local publications and radio and television stations; and (c) local production and distribution of pamphlets, leaflets and posters utilizing current topics and themes. The increase of \$46,795 reflects cost increases necessary for the continuance of the 1975 program level in 1976.

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3. Motion Picture and Television Activities (1974 Actual, \$204,005; 1975 Estimate, \$217,939; 1976 Estimate, \$258,040;
Increase, \$40,101).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Overseas Motion Picture Production	\$ 23,718	\$ 23,559	\$ 27,890	\$ 4,331
b. Overseas TV Production	108,587	122,129	144,586	22,457
c. Adaptation and Distribution	71,700	72,251	85,564	13,313
Total	204,005	217,939	258,040	40,101

This program activity consists of: (a) local motion picture and television production (including documentaries, newsreels and special events) in 12 Latin American countries, principally in Brazil, Colombia, Mexico, Peru, and Uruguay; and (b) adaptation and distribution of Agency-supplied program materials, including operation of vehicles, promotion, travel and other distribution costs incurred in reaching selected audiences. The increase of \$40,101 reflects cost increases necessary for the continuance of the 1975 program level in 1976.

4. Information Center and Related Activities (1974 Actual, \$1,336,557; 1975 Estimate, \$1,125,808; 1976 Estimate,
\$1,312,955; Increase, \$187,147).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Information Center Operations	\$ 996,136	\$ 792,275	\$ 908,313	\$ 116,038
b. Book Programs	9,520	8,870	8,870	—
c. Exhibits	93,809	89,788	106,309	16,521
d. Presentations	5,208	6,156	6,156	—
e. English Teaching Promotion	14,447	—	—	—
f. Cultural Activities	217,437	228,719	283,307	54,588
Total	1,336,557	1,125,808	1,312,955	187,147

This program activity consists of: (a) operating and space costs for 13 information centers, three reading rooms, and related program activities; (b) local book translation and distribution costs; (c) local expenses for displaying exhibits prepared locally or by the Agency; (d) local purchase of books and American periodicals for presentation to carefully selected individuals, organizations, and institutions; (e) local purchase of English-Teaching materials and other support for teaching English to carefully selected groups; not included in the scope of binational

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centers; (f) expenses related to cultural activities including USIS-sponsored lectures, concerts, conferences and seminars; promotion of events under the Special Cultural Presentation Program; and support for the U.S. Government's Exchange of Persons Program and of similar privately-sponsored programs.

The 1976 estimate provides \$167,279 for cost increases necessary for the continuance of the 1975 program level in 1976, \$9,868 for increased program support to the Department of State's Exchange of Persons Program, and \$60,000 for the renovation of the information center in Panama City, Panama. These increases are partially offset by non-recurring costs of \$50,000 for the renovation of the USIS library in Quito, Ecuador.

5. Binational Center Assistance (1974 Actual, \$617,481; 1975 Estimate, \$611,904; 1976 Estimate, \$664,499; Increase, \$52,595).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Operating Assistance	\$ 532,702	\$ 551,904	\$ 504,499	\$ - 47,405
b. Capital Assistance	84,779	60,000	160,000	100,000
Total	<u>617,481</u>	<u>611,904</u>	<u>664,499</u>	<u>52,595</u>

These funds provide for Agency assistance to 81 binational center organizations in 18 Latin American countries. Assistance in the form of cash or materials is supplied, in varying amounts, to these centers. In addition, a total of 33 American specialists are assigned to 31 selected centers. Salary and allowance costs for these positions are included under "Overseas American Employee Compensation and Benefits".

Estimates for grants of U.S.-produced materials to binational centers are included in the budget section for the Information Center Service. The net decrease of \$47,405 in operating assistance represents non-recurring costs of a \$75,000 loan to the binational center in Guatemala City, partially offset by \$27,595 in cost increases necessary for continuance of the 1975 program level in 1976.

The \$160,000 in capital assistance funds requested for 1976 will provide \$60,000 for the construction of a new binational center in Port-au-Prince, Haiti; and \$100,000 for the renovation of the binational center in Arequipa, Peru. These increases are partially offset by the non-recurring costs of construction of a multi-media room in Bogota, Colombia (\$60,000).

6. Research (1974 Actual, \$9,376; 1975 Estimate, \$12,336; 1976 Estimate, \$12,336; No Change).

These funds provide for local research activities in five countries for media effectiveness surveys and local purchase of research materials. No change in level is proposed for 1976.

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7. Program Direction (1974 Actual, \$228,424; 1975 Estimate, \$226,944; 1976 Estimate, \$251,000; Increase, \$24,056).

These funds provide for travel by the Assistant Director (Latin America) and Area staff; travel within the country of assignment by the Public Affairs Officer and other USIS officers for the purpose of supervising and directing the various USIS activities; and travel of field officers to attend regional conferences and for consultation in Washington as required. In addition, the procurement of reference books, magazines and newspapers for overseas staff use is provided. The increase of \$24,056 in 1976 is requested for the anticipated increase in international air fares and the restoration of normal levels of travel.

8. Direct Administrative Expenses (1974 Actual, \$1,645,622; 1975 Estimate, \$1,692,741; 1976 Estimate, \$1,904,842; Increase, \$212,101).

These funds provide for office space, warehouse, and garage space, residential space, and other direct administrative costs in all countries, including local purchase of office and residential furniture, office supplies and equipment, transportation, communications, general vehicle operation and maintenance, and other similar expenses.

The net increase of \$212,101 is requested to provide \$20,000 for the move of some USIS offices into the new embassy building in Buenos Aires, Argentina, and \$253,951 for increased costs of office and residential lease renewals, contract renewals, and utilities. These increases are partially offset by non-recurring costs of \$54,000 for renovation of office space in Santiago, Chile, and \$7,850 for costs of moving offices in Lima, Peru, damaged in the 1974 earthquake.

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Recapitulation of Costs by Country and Area-Wide Costs

<u>POSITIONS:</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Domestic	17	17	17	--
Overseas American	185	174	175	1
Local Employees	640	640	643	3
Total Positions	842	831	835	4
Deduct Reimbursable Position Equivalents	- 49	- 49	- 53	- 4
Net Positions	793	782	782	--
<u>COSTS BUDGETED BY COUNTRY:</u>				
Argentina	\$ 874,545	\$ 1,010,564	\$ 1,328,284	\$ 317,720
Bolivia	249,771	321,238	400,575	79,337
Brazil	2,518,548	2,718,183	3,361,882	64,699
Chile	445,688	572,263	670,912	98,649
Colombia	518,930	597,299	662,711	65,412
Costa Rica	125,999	138,505	157,891	19,386
Dominican Republic	150,850	165,558	185,470	19,912
Ecuador	280,464	373,025	374,855	1,830
El Salvador	114,289	125,130	142,829	17,699
Guatemala	284,294	351,427	299,271	- 52,156
Guyana	109,595	119,505	137,286	17,781
Haiti	65,765	77,104	156,363	79,259
Honduras	116,706	128,119	146,926	18,807
Jamaica	78,463	93,237	107,046	13,809
Mexico	1,087,598	1,114,593	1,333,672	219,079
Nicaragua	118,389	114,014	131,995	17,981
Panama	274,166	304,501	410,475	105,974
Paraguay	128,049	138,498	157,368	18,870
Peru	375,314	423,048	612,524	189,476
Trinidad	92,637	106,035	125,761	19,726
Uruguay	431,194	339,169	431,906	92,737
Venezuela	601,875	629,979	751,128	121,149
Sub-total, Country Costs	9,043,329	9,960,994	12,087,130	2,126,136

LATIN AMERICAN PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>AREA-WIDE COSTS:</u>				
Domestic Program Direction Costs	\$ 446,853	\$ 494,643	\$ 515,094	\$ 20,451
American Employee Compensation and Benefits	<u>4,513,005</u>	<u>4,678,158</u>	<u>4,758,764</u>	<u>80,606</u>
Sub-total, Area-Wide Costs	<u>4,959,858</u>	<u>5,172,801</u>	<u>5,273,858</u>	<u>101,057</u>
Total Funds	14,003,187	15,133,795	17,360,988	2,227,193
Deduct Reimbursements	- 758,938	- 801,308	- 905,088	- 103,780
Total, Direct Obligations	13,244,249	14,332,487	16,455,900	2,123,413
Deduct Proposed Pay Act Supplemental	XXX	- 193,400	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	14,139,087	XXX	XXX

WEST EUROPEAN PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$17,325,085 ^{b/}	\$18,582,268	\$21,159,000	\$ 2,576,732

General StatementI. SUMMARY

The budget for Western Europe covers 20 country programs and three regional offices. Included are 26 information centers, two reading rooms and 12 binational centers. These operations will be directed by a domestic staff of 15 and manned by 156 overseas Americans and 753 local employees, a reduction of 20 from the 1974 local complement. The requested increase of \$2,576,732 for 1976 is required to continue programs at current levels. Net increases include such built-in requirements as rising wages, within-grade increases, and the effects of inflation on operating costs. USIS posts in Western Europe plan to continue programs which emphasize reaching selected leadership groups, including university students. Particular stress will be given personal contact and specialized activities such as jointly sponsored cultural programs, efforts to increase favorable coverage by television through joint efforts with local TV stations, and the use of video tape recordings to place authoritative experts in contact with priority audiences.

II. 1974-75 PROGRAM

International economic and energy policies remain a critical and dominant feature of U.S. - West European relations, with continuing stress on the promotion of export trade and tourism. Concentrated efforts were made to present interpretative and background information on U.S. policies, especially through the use of authoritative government and private experts. U.S. efforts to achieve detente, including international conferences, and to foster settlements of the Middle East and the Eastern Mediterranean conflicts comprised another leading program theme. Regional cooperation, specifically in relation to NATO activities, received continued stress through seminars, briefings, and tours. Leading domestic themes for overseas treatment were efforts to deal with the energy situation, political and social stability, and activities associated with the coming Bicentennial observance. Efforts to seek joint participation with binational organizations in program activities of mutual benefit were intensified. An additional American was assigned to activities relating to international energy and economic problems with the Organization for Economic Cooperation and Development, Paris.

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WEST EUROPEAN PROGRAM

III. 1976 PROGRAM

The increase of \$2,576,732 in 1976 is requested to maintain programs essentially at their 1975 levels. This increase is required primarily to cover local employee wage scale increases and overseas price increases for rents, utilities, supplies, and contractual services. The heaviest impact of rising costs is reflected in USIS operations in Germany, France, Italy, Greece, Turkey, and Spain.

Programs will continue emphasis on selected audiences, including especially: editors, media commentators, and writers concerned with foreign affairs, social problems and solutions, modern education and arts and sciences. Other audiences are academicians, professors, teachers in the humanities and social sciences, and university student leaders. We will concentrate efforts on specific subjects, using all media, to interest these audiences, mainly through seminars, lecture programs and round table discussions. These programs will be supported by press materials, bibliographies of current books, special film showings and audio-visual displays.

In recognition of the pervasive power of television, USIS will continue its special attention to the major European networks, offering services and assistance in interpreting the American scene. We will provide documentary films, footage of events and situations in the United States, and research and background materials. USIS will continue to encourage and assist European network teams covering those aspects of the American scene which are of mutual interest.

During 1976 much of our cultural activity will be in the context of the Bicentennial anniversary. The promotion of American studies at European Universities will be a major part of this effort.

The media services in Washington provide program materials in direct support of these activities in Europe. The descriptions and estimates for support programs are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service, and Broadcasting Service sections of the budget. In addition, the Department of State provides administrative support services to the overseas missions on a reimbursable basis, detailed estimates for which are contained in the Administrative Support section of this budget.

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WEST EUROPEAN PROGRAM

Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)	Page Ref.
POSITIONS:					
Domestic	15	15	15	—	
Overseas Americans	156	156	156	—	
Local Employees	773	753	753	—	
Total Positions	944	924	924	—	12-6
Deduct Reimbursable Position Equivalents	-64	-64	-64	—	
Net Positions	880	860	860	—	
FUNDS:					
A. Domestic Employee Compensation and Benefits	\$ 335,185	\$ 369,085	\$ 379,810	10,725	12-4
B. Overseas American Employee Compensation and Benefits	4,726,464	5,070,868	5,269,764	198,896	12-4
C. Local Employee Compensation and Benefits	6,954,457	8,213,228	9,838,611	1,625,383	12-5
D. Program Activity Costs:					
1. Radio	58,886	39,841	45,569	5,728	12-7
2. Press and Publications	991,220	1,002,733	1,117,688	114,955	12-7
3. Motion Picture and Television	196,260	214,052	241,331	27,279	12-8
4. Information Center and Related Activities	2,543,357	2,284,284	2,661,234	376,950	12-8
5. Bimational Center	130,447	124,458	140,311	15,853	12-9
6. Research	33,335	30,119	33,902	3,783	12-9
7. Program Direction	353,573	329,982	361,593	31,611	12-9
8. Direct Administrative Expenses	1,917,710	1,888,090	2,103,406	215,316	12-10
Sub-total, Activity Costs	6,224,788	5,913,559	6,705,034	791,475	
E. Total, Funds	18,240,894	19,566,740	22,193,219	2,626,479	
E. Deduct Reimbursements	-915,809	-984,472	-1,034,219	-49,747	
Total, Direct Obligations	17,325,085	18,582,268	21,159,000	2,576,732	
F. Deduct Proposed Pay Act Supplemental	XXX	-184,400	XXX	XXX	
Total, 1975 Enacted Appropriation	XXX	18,397,868	XXX	XXX	

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WEST EUROPEAN PROGRAM

FUNDS:

A. Domestic Employee Compensation and Benefits (1974 Actual, \$335,185; 1975 Estimate, \$369,085; 1976 Estimate, \$379,810;
Increase, \$10,725).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Positions	15	15	15	—
Man-years	14.2	14.7	14.7	—
Salary and Direct Benefit Costs	\$335,185	\$369,085	\$379,810	\$10,725

The increase of \$10,725 in 1976 is requested to provide \$3,257 for within-grade salary increases, \$5,981 for full-year costs of the October 13, 1974 Federal pay raise and \$1,487 for an additional extra day's pay in 1976.

B. American Employee Compensation and Benefits (1974 Actual, \$4,726,464; 1975 Estimate, \$5,070,868; 1976 Estimate, \$5,269,764;
Increase, \$198,896).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Positions	156	156	156	—
Man-years	153.9	155.2	155.2	—
1. Salary and Direct Benefit Costs	\$4,109,944	\$4,460,510	\$4,588,492	\$127,982
2. Foreign Service Allowances	616,520	610,358	681,272	70,914
Total	4,726,464	5,070,868	5,269,764	198,896

The increase of \$198,896 in 1976 is requested to provide:

- a. \$38,125 for within-grade salary increases;
- b. \$71,970 for full-year costs of the October 13, 1974 Federal pay raise;
- c. \$17,887 for an additional extra day's pay in 1976; and
- d. \$76,604 for the full year costs of 1975 allowance increases (\$24,820) and projected allowance increases in 1976 (\$51,784).

These increases are partially offset by non-recurring allowance costs of \$5,690 in Canada (-\$590) and USMATO, Brussels (-\$5,100).

WEST EUROPEAN PROGRAM

C. Local Employee Compensation and Benefits (1974 Actual, \$6,954,457; 1975 Estimate, \$8,213,228; 1976 Estimate, \$9,838,611; Increase, \$1,625,383).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions	773	753	753	--
Man-years	696.5	689.5	689.5	--
Salary and Direct Benefit Costs	\$6,954,457	\$8,213,228	\$9,838,611	\$1,625,383

The increase of \$1,625,383 in 1976 is requested to provide:

- a. \$520,445 for full-year costs of wage increases effective for part of 1975 in 20 countries and three regional programs;
- b. \$959,385 for wage increases anticipated in 1976 in 20 countries and three regional programs;
- c. \$80,719 for within-grade salary increases;
- d. \$27,338 for the full-year costs of 1975 promotions; and
- e. \$37,496 for an additional extra day's pay in 1976.

Domestic, overseas American, and local employee compensation and benefits provide for dollar-funded positions in the Area as follows:

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WEST EUROPEAN PROGRAM

Domestic, Country and Regional Elements:

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Am.	Loc.	Total	Am.	Loc.	Total	Am.	Loc.	Total	Am.	Loc.	Total
<u>Domestic</u>	15	—	15	15	—	15	15	—	15	—	—	—
<u>Country and Regional Elements:</u>												
Austria	7	28	35	7	28	35	7	28	35	—	—	—
Belgium	4	20	24	4	20	24	4	20	24	—	—	—
Canada	5	9	14	5	9	14	5	9	14	—	—	—
Cyprus	3	15	18	3	15	18	3	15	18	—	—	—
Denmark	4	18	22	4	15	19	4	15	19	—	—	—
Finland	6	21	27	6	21	27	6	21	27	—	—	—
France	14	70	84	15	70	85	15	70	85	—	—	—
German Federal Republic	27	183	210	27	168	195	27	168	195	—	—	—
Greece	9	65	74	9	65	74	9	65	74	—	—	—
Iceland	2	7	9	2	7	9	2	7	9	—	—	—
Italy	13	101	114	13	101	114	13	101	114	—	—	—
Malta	1	4	5	1	4	5	1	4	5	—	—	—
Netherlands	4	12	16	4	12	16	4	12	16	—	—	—
Norway	4	17	21	3	17	20	3	17	20	—	—	—
Portugal	3	14	17	3	14	17	3	14	17	—	—	—
Spain	9	45	54	9	43	52	9	43	52	—	—	—
Sweden	5	19	24	5	19	24	5	19	24	—	—	—
Switzerland	—	3	3	—	3	3	—	3	3	—	—	—
Turkey	16	80	96	15	80	95	15	80	95	—	—	—
United Kingdom	10	53	43	11	33	44	11	33	44	—	—	—
USIO Geneva	2	3	5	2	3	5	2	3	5	—	—	—
USMC Brussels	3	6	9	3	6	9	3	6	9	—	—	—
USMTO Brussels	5	—	5	5	—	5	5	—	5	—	—	—
<u>Sub-total, Country and Regional Elements</u>	156	773	929	156	753	909	156	753	909	—	—	—
<u>Total, Positions</u>	171	773	944	171	753	924	171	753	924	—	—	—

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WEST EUROPEAN PROGRAMD. Program Activity Costs (1974 Actual, \$6,224,788; 1975 Estimate, \$5,913,559; 1976 Estimate, \$6,705,034; Increase, \$791,475).

Program activity costs derive from the following: radio, press and publications, motion picture and television, information center and related activities, binational center assistance, research, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail. (See "USIS Operations and Direction Summary" for a general description of the nature of each of these activities.)

1. Radio Activities (1974 Actual, \$58,886; 1975 Estimate, \$39,841; 1976 Estimate, \$45,569; Increase, \$5,723).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Local production	\$10,462	\$ 10,650	\$ 12,727	\$ 2,077
b. Adaptation and placement	43,473	24,939	28,062	3,123
c. Promotion and other costs	4,951	4,252	4,780	528
Total	58,886	39,841	45,569	5,723

This program activity consists of local production of radio programs, adaptation and placement of U.S. - produced programs, and local purchase of radio supplies and equipment. The 1976 increase provides for increases in the costs of locally procured services, materials, and supplies in seven countries.

2. Press and Publications Activities (1974 Actual, \$991,220; 1975 Estimate, \$1,002,733; 1976 Estimate, \$1,117,688; Increase, \$114,955).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. USIS periodicals	\$361,971	\$ 388,810	\$ 428,963	\$ 40,153
b. Information placement	555,706	537,880	603,414	65,534
c. Pamphlets, leaflets, posters and photo displays	73,543	76,043	85,311	9,268
Total	991,220	1,002,733	1,117,688	114,955

This program activity consists of: (a) local production and distribution of Information and Documents in France, and locally incurred costs related to the inserts, Americana in Italy and Insight USA in the United Kingdom, to the Agency's centrally produced magazine, Horizons USA; (b) reception and distribution of Wireless File materials, full text of policy statements by American officials, and other background and feature materials to local news services and newspapers in all West European countries; and (c) production and distribution of pamphlets, leaflets, posters, and photo displays in the West European countries.

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WEST EUROPEAN PROGRAM

The net increase of \$115,009 in 1976 is requested to cover anticipated cost increases for the procurement of services, supplies and materials in France (\$42,121), Italy (\$11,056), United Kingdom (\$9,551), Germany (\$7,428), Spain (\$4,870), and 13 other countries (\$39,983).

3. Motion Picture and Television Activities (1974 Actual, \$196,260; 1975 Estimate, \$214,052; 1976 Estimate, \$241,331; Increase, \$27,279).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Adaptation of Agency-supplied material and programs.	\$ 14,852	\$ 7,260	\$ 8,334	\$ 1,074
b. Distribution and promotion of motion picture and television materials and programs	70,369	74,627	84,070	9,443
c. Television production	111,039	132,165	148,927	16,762
Total	<u>196,260</u>	<u>214,052</u>	<u>241,331</u>	<u>27,279</u>

This program activity consists of: local film processing; distribution costs of motion picture and television programs; projector distribution and maintenance; and the joint production of television programs by USIS and local television stations and networks. The net increase of \$27,279 in 1976 results from increased costs for services and materials in Belgium (\$5,835); Turkey (\$3,555); Germany (\$3,129); Greece (\$2,831); Austria (\$2,400) and 12 other countries (\$9,529).

4. Information Center and Related Activities (1974 Actual, \$2,543,357; 1975 Estimate, \$2,284,284; 1976 Estimate, \$2,661,234; Increase, \$376,950).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Information center operations	\$1,622,386	\$1,324,686	\$1,573,648	\$248,962
b. Book translations	1,607	2,318	2,604	286
c. Exhibits	150,287	146,459	165,029	18,570
d. Presentations	5,216	6,334	7,205	871
e. English teaching promotion	8,901	8,597	10,043	1,446
f. Cultural activities	754,960	795,890	902,705	106,815
Total	<u>2,543,357</u>	<u>2,284,284</u>	<u>2,661,234</u>	<u>376,950</u>

OFC

WEST EUROPEAN PROGRAM

This program activity consists of: (a) operating and space costs of 26 information centers and two reading rooms; (b) local book translation and distribution costs; (c) production and display of small scale exhibits; (d) presentation of U. S. and locally-purchased books and magazines to selected organizations and institutions; (e) English teaching activities, including seminars and programs designed to encourage the use of American-oriented teaching aides; (f) cultural activities encompassing support to the Exchange of Persons Program, lectures, concerts, seminars, workshops, and similar functions, including those presented in cooperation with indigenous organizations. These activities are designed to promote wide appreciation of America's cultural, political, economic and scientific achievements.

The net increase of \$376,950 in 1976 is requested to provide:

- a. \$301,950 for anticipated cost increases in rents, utilities, supplies, and contractual services for information centers in 19 countries; and
 - b. \$75,000 for major information center renovations in Finland.
5. Binational Center Assistance (1974 Actual, \$130,447; 1975 Estimate, \$124,458; 1976 Estimate, \$140,311, Increase, \$15,853).
- These funds provide for operating assistance to binational organizations in six countries.
- 1976 increase of \$15,853 results from increased costs for materials, supplies and services in Germany (\$4,059), Greece (\$6,919), and Turkey (\$2,906) and three other countries (\$1,969).
6. Research (1974 Actual, \$33,335; 1975 Estimate, \$30,119; 1976 Estimate, \$33,902; Increase, \$3,783).
- These funds provide for research projects in five countries. The 1976 increase of \$3,783 is due to increased costs of services and materials.
7. Program Direction (1974 Actual, \$353,573; 1975 Estimate, \$329,982; 1976 Estimate, \$361,593; Increase, \$31,611).

These funds provide for: travel by the Assistant Director for the Area and his staff; travel within each country by the Public Affairs Officer for the purpose of supervising and directing the various USIS activities; and the procurement of reference books, magazines, and newspapers for staff use. The increase of \$31,611 in 1976 results from \$27,111 for increased costs of procuring materials and services in 26 countries and \$4,500 for an anticipated increase in international air fares.

WEST EUROPEAN PROGRAM

8. Direct Administrative Expenses (1974 Actual, \$1,917,710; 1975 Estimate, \$1,888,090, 1976 Estimate, \$2,103,406; Increase, \$215,316).

These funds provide for office, residential, warehouse and garage space costs and for other direct administrative expenses, including purchase of office furniture, supplies and equipment, transportation, communications, and vehicle maintenance.

The requested increase of \$215,316 provides for anticipated cost increases in residential and office rents, utilities, and maintenance costs in Italy (\$22,386), Germany (\$41,373), France (\$25,734), Greece (\$19,399), Turkey (\$17,027), Spain (\$12,869) and 14 other countries (\$76,528).

WEST EUROPEAN PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
POSITIONS:				
Domestic	15	15	15	--
Overseas American	156	156	156	--
Local Employees	773	753	753	--
Total Positions	<u>944</u>	<u>924</u>	<u>924</u>	--
Deduct Reimbursable Position Equivalents	-64	-64	-64	--
Net Positions	880	860	860	--
COSTS BUDGETED BY COUNTRY:				
Austria	681,414	646,116	739,843	93,727
Belgium	502,391	510,629	572,957	62,328
Canada	183,161	198,779	221,045	22,266
Cyprus	176,580	192,778	236,561	43,783
Denmark	296,492	343,457	402,133	58,676
Finland	327,622	335,408	448,972	113,564
France	1,745,121	1,901,044	2,181,044	279,659
Germany	3,693,064	3,692,550	4,201,409	508,859
Greece g/	774,663	861,641	1,084,821	223,180
Iceland	127,084	125,779	165,699	39,920
Italy	1,531,929	1,705,555	1,983,616	278,061
Malta	57,920	57,504	66,253	8,749
Netherlands	302,020	327,983	377,378	49,395
Norway	265,575	311,525	352,044	40,519
Portugal	178,183	240,863	347,243	106,380
Spain	632,950	701,723	833,963	132,240
Sweden	389,711	431,013	497,023	66,010
Switzerland	50,144	54,076	59,878	5,802
Turkey	668,897	793,390	981,063	187,673
United Kingdom	626,084	687,872	799,625	111,753
USIO Geneva	129,281	159,615	175,820	16,205
USEC Brussels	160,604	175,921	198,544	22,623
USMTO Brussels	150,688	156,583	168,483	11,900
Sub-total	13,671,578	14,612,145	17,095,417	2,483,272

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WEST EUROPEAN PROGRAM

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
AREA-WIDE COSTS:				
Domestic Costs	\$ 335,185	\$ 369,085	\$ 379,810	\$ 10,725
American Employee Compensation and Direct Benefits b/.	4,109,944	4,460,510	4,588,492	127,982
Regional Services	124,187	125,000	129,500	4,500
Sub-total, Area-Wide Costs	<u>4,569,316</u>	<u>4,954,595</u>	<u>5,097,802</u>	<u>143,207</u>
Total, Funds	18,240,894	19,566,740	22,193,219	2,626,479
Deduct Reimbursements	-915,809	-984,472	-1,034,219	-49,747
Total, Direct Obligations	17,325,085	18,582,268	21,159,000	2,576,732
Deduct Proposed Pay Act Supplemental	XXX	-184,400	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	18,397,868	XXX	XXX

a/ In addition, restricted foreign currencies are available for book translations in Greece. There were obligations of \$600 for this purpose in 1974. The estimate for 1975 is \$19,081 which will exhaust the availability of these currencies. This item appears in the Salary and Expenses (Special Foreign Currency Program) section of the budget.

b/ Excludes Foreign Service allowances paid at post which are included in country costs.

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SPECIAL EUROPEAN PROGRAM

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Summary of Requirements	\$1,445,801	\$1,699,006	\$2,257,100	\$558,094

General Statement

The budget for the Special European Program covers USIS programs in West Berlin, including RIAS (Radio in American Sector) and the German Democratic Republic (East Germany).

The increase of \$558,094 in 1976 is requested to provide \$142,865 for built-in costs to continue existing programs at current levels and \$415,229 for full-year costs of the new program in East Germany.

The Agency's program in West Berlin is an important element of the United States presence in that outpost of the West. West Berliners regard it as significant evidence of the United States' continuing commitment to their city.

RIAS has been the United States' only means of communicating with the East Germans, who have been sealed off by their regime from most forms of contact with the non-communist world. RIAS has become for them an important and trusted source of information on matters they learn of otherwise only in a distorted form, and a means of keeping in touch with trends and events outside East Germany.

The German Democratic Republic is a full participant in important international security conferences and, along with the Federal Republic of Germany, was accorded full U.N. membership in October, 1973. The U.S. established diplomatic relations with the GDR in 1974. This presents us with an unprecedented opportunity for an informational and cultural program in a country where interest and curiosity about the United States run high despite decades of enforced isolation. These estimates will fund a press and cultural operation and library in the Embassy in East Berlin.

The media services in Washington provide program materials and services in support of these activities. The descriptions and estimates for support programs are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service and Broadcasting Service sections of this budget. In addition the Department of State provides Administrative Support Services to the overseas missions on a reimbursable basis, the detailed estimates for which are contained in the Administrative Support section.

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SPECIAL EUROPEAN PROGRAM

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)	Page Ref.
POSITIONS:					
Domestic	2	2	2	—	
Overseas Americans	9	13	13	—	
Local Employees	<u>28</u>	<u>32</u>	<u>32</u>	—	
Total Positions	39	47	47	—	
Deduct Reimbursable Position Equivalents	-2	-2	-2	—	
Net Positions	37	45	45	—	
FUNDS:					
A. Domestic Employee Compensation and Benefits	\$ 54,265	\$ 60,871	\$ 62,587	\$ 1,716	13-3
B. Overseas American Employee Compensation & Benefits	248,093	277,960	390,963	113,003	13-3
C. Local Employee Compensation and Benefits	290,004	317,800	430,943	113,143	13-4
D. Program Activity Costs:					
1. Radio	740,000	812,696	877,696	65,000	13-5
2. Press and Publications	6,207	9,250	25,000	15,750	13-5
3. Motion Picture and Television	14,714	15,500	17,699	2,199	13-5
4. Information Center and Related Activities	107,368	136,918	304,422	167,504	13-6
5. Program Direction	1,214	2,100	6,437	4,337	13-6
6. Direct Administrative Expenses	8,346	92,427	169,589	77,162	13-7
Sub-total, Activity Costs	<u>878,449</u>	<u>1,068,891</u>	<u>1,400,843</u>	<u>331,952</u>	
Total, Funds	1,470,811	1,725,522	2,285,336	559,814	
E. Deduct Reimbursements	-25,010	-26,516	-28,236	-1,720	
Total, Direct Obligations	<u>1,445,801</u>	<u>1,699,006</u>	<u>2,257,100</u>	<u>558,094</u>	
F. Deduct Proposed Pay Act Supplemental	XXX	-12,300	XXX	XXX	
Total, 1975 Enacted Appropriation	<u>XXX</u>	<u>1,686,706</u>	<u>XXX</u>	<u>XXX</u>	

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FUNDS:

- A. Domestic Employee Compensation and Benefits (1974 Actual, \$54,265; 1975 Estimate, \$60,871; 1976 Estimate, \$62,587; Increase, \$1,716).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Positions	2	2	2	—
Man-years	1.9	1.9	1.9	—
Salary and direct benefit costs	\$ 54,265	\$ 60,871	\$ 62,587	\$ 1,716

The increase of \$1,716 in 1976 is requested to provide \$484 for within-grade salary increases; \$987 for full-year costs of the October 13, 1974 Federal pay raise; and \$245 for an additional extra day's pay in 1976.

- B. American Employee Compensation and Benefits (1974 Actual, \$248,093; 1975 Estimate, \$277,960; 1976 Estimate, \$390,963; Increase, \$113,003).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Positions.....	9	13	13	—
Man-years	8.9	9.5	12.8	3.3
1. Salary and direct benefit costs	\$242,430	\$267,560	\$367,323	\$ 99,763
2. Foreign Service Allowances	5,663	10,400	23,640	13,240
Total	248,093	277,960	390,963	113,003

The increase of \$113,003 in 1976 is requested to provide \$3,177 for within-grade salary increases; \$5,909 for full-year costs of the October 13, 1974 Federal pay raise; \$1,948 for an additional extra day's pay in 1976; \$640 for allowance increases in Berlin; and \$88,729 in salaries and \$12,600 in allowances for full year costs of the new positions added in 1975 for the new East German program.

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SPECIAL EUROPEAN PROGRAM

C. Local Employee Compensation and Benefits (1974 Actual, \$290,004; 1975 Estimate, \$317,800; 1976 Estimate, \$430,943;
Increase, \$113,143).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions	28	32	32	—
Man-years	22.5	23.7	31.4	7.7
Salary and direct benefit costs	\$290,004	\$317,800	\$430,943	\$113,143

The net increase of \$113,143 in 1976 is requested to provide:

- a. \$11,225 for full-year costs of a 1975 local wage increase;
- b. \$36,759 for an anticipated local wage increase in 1976;
- c. \$1,008 for within-grade salary increases;
- d. \$2,710 for local employee promotions in 1976;
- e. \$1,441 for an additional extra day's pay in 1976; and
- f. \$60,000 for full year cost of ten local positions added in 1975 for the new program in the German Democratic Republic (East Germany).

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Compensation and benefits costs described above provide for American and local positions as shown in the following summary.

Domestic Program Direction, Country and Regional Elements:

	<u>1974 Actual</u>			<u>1975 Estimate</u>			<u>1976 Estimate</u>			<u>Increase or Decrease (-)</u>		
	<u>Am.</u>	<u>Loc.</u>	<u>Total</u>	<u>Am.</u>	<u>Loc.</u>	<u>Total</u>	<u>Am.</u>	<u>Loc.</u>	<u>Total</u>	<u>Am.</u>	<u>Loc.</u>	<u>Total</u>
<u>Domestic</u>	2	—	2	2	—	2	2	—	2	—	—	—
<u>Country/Regional Element:</u>												
German Democratic Republic	—	—	—	5	10	15	5	10	15	—	—	—
West Berlin	6	28	34	6	22	28	6	22	28	—	—	—
RIAS	3	—	3	2	—	2	2	—	2	—	—	—
Sub-total, Country/Regional	9	28	37	13	32	45	13	32	45	—	—	—
Total, Positions	11	28	39	15	32	47	15	32	47	—	—	—

SPECIAL EUROPEAN PROGRAM

D. Program Activity Costs (1974 Actual, \$878,449; 1975 Estimate, \$1,068,891; 1976 Estimate, \$1,400,843; Increase, \$331,952).

Program activity costs include radio, press and publications, motion picture and television, and information center and related activities; and program direction and direct administrative expenses. The detailed estimates for these activities are shown below. (See Tab 7, "USIS Operations and Direction Summary" for a description of each of these activities.)

1. Radio Activities (1974 Actual, \$740,000; 1975 Estimate, \$812,696; 1976 Estimate, \$877,696; Increase, \$65,000).

RIAS, the USIS radio station in Berlin, comprises the radio activity in the Special European Program. The 1975 estimate of \$812,696 provides for transmitter operations and maintenance. The increase of \$65,000 in 1976 is requested to provide for the increased costs of materials and services required for these purposes.

2. Press and Publications Activities (1974 Actual, \$6,207; 1975 Estimate, \$9,250; 1976 Estimate, \$25,000; Increase, \$15,750).

These funds provide for distribution of wireless file material, full texts of policy statements by American officials, and other background and feature materials to local news services and papers. The increase of \$15,750 will provide \$500 for 1976 cost increases for paper, other supplies and services for West Berlin and full year costs of \$15,250 for equipment, materials and services for the new program in East Berlin.

3. Motion Picture and Television Activities (1974 Actual, \$14,714; 1975 Estimate, \$15,500; 1976 Estimate, \$17,699; Increase, \$2,199).

These funds provide for distribution and promotion costs for USIS direct film showings and loans. The increase of \$2,199 is due to anticipated higher costs of materials and services in West Berlin in 1976 (\$1,199) and for full year costs of materials and services related to the new East Berlin program (\$1,000).

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4. Information Center and Related Activities (1974 Actual, \$107,368; 1975 Estimate, \$136,918; 1976 Estimate, \$304,422; Increase, \$167,504).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Information center operations	\$ 41,897	\$ 63,828	\$189,928	\$126,100
b. Book translations	2,828	—	—	—
c. Exhibits	18,171	22,815	29,060	6,245
d. Presentations	—	—	500	500
e. Cultural activities	44,472	50,275	84,934	34,659
Total	107,368	136,918	304,422	167,504

These funds provide for the operation of the America House in West Berlin and the new information center opening in East Berlin in 1976. In addition to the normal operating costs of the information center, funds are included for display of Agency-produced exhibits and the construction and display of locally-produced exhibits; and for cultural activities encompassing support to the Exchange of Persons Program, lectures, concerts, seminars, workshops and similar functions.

The increase of \$167,504 is requested to provide:

- a. \$10,504 for increased costs of supplies, materials and services for West Berlin;
- b. \$52,000 for the new program in East Berlin; and
- c. \$105,000 to acquire and renovate space and to equip the new East Berlin information center.

5. Program Direction (1974 Actual, \$1,214; 1975 Estimate, \$2,100; 1976 Estimate, \$6,437; Increase, \$4,337).

This cost category covers the procurement of reference materials for staff use and program direction travel by the Public Affairs Officer. The increase of \$4,337 provides \$37 for increased costs of materials in West Berlin and \$4,250 for full-year costs of acquisition of materials for the new operations in East Berlin and travel within the GDR by the Public Affairs Officer.

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SPECIAL EUROPEAN PROGRAM

6. Direct Administrative Expenses (1974 Actual, \$8,946; 1975 Estimate, \$92,427; 1976 Estimate, \$169,589; Increase, \$77,162).

These funds cover costs of communications, power and utilities, local purchase of administrative supplies and equipment, and cleaning and maintenance services. The increase of \$77,162 is requested primarily to acquire and renovate residential space in East Berlin (\$30,000) and to cover the full-year costs of opening program operations there (\$46,400). Maintenance services, utilities, and administrative supplies in West Berlin will cost an additional \$762 in 1976.

SPECIAL EUROPEAN PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
POSITIONS:				
Domestic	2	2	2	—
Overseas Americans	9	13	13	—
Local Employees	28	32	32	—
Total Positions	<u>39</u>	<u>47</u>	<u>47</u>	—
Deduct Reimbursable Position Equivalents	-2	-2	-2	—
Net Positions	<u>37</u>	<u>45</u>	<u>45</u>	—
COSTS BUDGETED BY COUNTRY:				
German Democratic Republic	\$ —	\$ 107,250	\$ 433,750	\$ 326,500
West Berlin	434,116	477,145	543,980	66,835
RIAS	740,000	812,696	877,696	65,000
Sub-total, Country Costs	<u>1,174,116</u>	<u>1,397,091</u>	<u>1,855,426</u>	<u>458,335</u>
AREA-WIDE COSTS:				
Domestic Costs	54,265	60,871	62,587	1,716
American Employee Compensation and Benefits ^{a/}	242,430	267,560	367,323	99,763
Sub-total, Area-Wide Costs	<u>296,695</u>	<u>326,431</u>	<u>429,910</u>	<u>101,479</u>
Total, Funds	1,470,811	1,725,522	2,285,336	559,814
Deduct Reimbursements	-25,010	-26,516	-28,236	-1,720
Total, Direct Obligations	<u>1,445,801</u>	<u>1,699,006</u>	<u>2,257,100</u>	<u>558,094</u>
Deduct Proposed Pay Act Supplemental	XXX	-12,300	XXX	XXX
Total, 1975 Enacted Appropriation	<u>XXX</u>	<u>1,686,706</u>	<u>XXX</u>	<u>XXX</u>

^{a/} Excludes Foreign Service Allowances paid at post which are included in country costs.

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	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	Increase or Decrease (-)
Summary of Requirements	\$4,050,010	\$4,294,475	\$4,772,000	\$477,525

General Statement

I. SUMMARY

The budget for this area covers USIA operations in the Soviet Union and in six East European countries, and also includes the Regional Projects Office in Vienna.

The 1976 "Salaries and Expenses" appropriation request represents an increase of \$477,525 from the 1975 level. The Agency also utilizes excess foreign currencies in Poland. The request for foreign currencies represents an increase of \$23,388. The estimates provide for wage and cost increases and other built-in and annualized costs required to continue staff and program activities at the 1975 level; and for support to the new U. S. Consulate scheduled to be established in Kiev, U.S.S.R., in 1976.

II. 1974 and 1975 PROGRAM

The generally improved atmosphere in East-West relations continues to provide greater opportunities for USIS programming throughout most of the Area. Program activities in Bulgaria and Hungary continued at approximately the same level maintained for the past few years in those countries, while the recent steady rate of program expansion and diversification in Romania leveled off in 1974. With the establishment of information centers in the Yugoslav republics which has extended the scope of our activities and made more efficient use of available resources, our program thrust in Yugoslavia has been significantly realigned. Included in this realignment is the opening of a new one-man Information Center in Sarajevo in 1975. Significant increases were undertaken in Poland, the Soviet Union and Czechoslovakia with substantial cultural support being programmed for the new U.S. Consulates opened in Krakow, Poland, and Leningrad, U.S.S.R., and scheduled to be opened in Bratislava, Czechoslovakia, in 1975.

Further program increases in the Soviet Union have occurred in fiscal 1974 and 1975 with the introduction of a new window exhibit program and a cultural and feature film presentation series in 1974 and initiation of a Russian language version of the Agency cultural publication, Dialogue, in 1975. Major U. S. exhibits were presented in fiscal 1974 at trade fairs

a/ Includes \$58,975 in 1974 for operations in Yugoslavia transferred from the Special Foreign Currency Appropriation for comparability in the estimates.

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SOVIET UNION AND EAST EUROPEAN PROGRAM

in Zagreb (Yugoslavia) and Plovdiv (Bulgaria) and the Seventh Series East-West Exchange exhibit, Outdoor Recreation, completed its six-city showing schedule in the Soviet Union late in fiscal 1974. Solo exhibitions of Progress and Environment in one city in Poland and three cities in Romania, and of Educational Technology in three cities in Yugoslavia were also conducted in 1974. Similar solo showings for 1975 are planned as follows: Progress and Environment in two cities in Yugoslavia; Photography USA in three cities in Romania; Space Technology in two cities in Hungary; and Energy USA in three cities in Poland. Major exhibits were also mounted at trade fairs in Zagreb, Plovdiv, Budapest and Bucharest in fiscal 1975, and the first exhibit under the Eighth Series East-West Exchange Agreement, Technology for the American Home, will begin its six-city showing schedule in the Soviet Union. Development of the second Eighth Series exhibit for the U.S.S.R., Photography USA, will also be completed in 1975. A major new exhibit commemorating the United States Bicentennial Year, The World of Franklin and Jefferson, will be shown at Warsaw, Poland in 1975.

III. 1976 PLANS

We plan to participate in the Zagreb and Plovdiv trade fairs and to schedule solo exhibits in three cities each in Yugoslavia, Poland and Czechoslovakia and two cities in Bulgaria. The Eighth Series exhibit Technology for the American Home, will complete its six-city showing schedule and the second exhibit under the same exchange series, Photography USA, will begin a three-city showing schedule in the Soviet Union in 1976. The Bicentennial Year exhibit, Faces of America, to be constructed in 1975, is proposed for one showing each in the Soviet Union and Romania in 1976.

Cultural and information programming will be conducted throughout 1976 in the new consular facility in Bratislava and the new Information Center in Sarajevo, Yugoslavia. Similar programming will be initiated in support of the new U. S. Consulate in Kiev. Renovations will be undertaken of existing information center facilities in Bucharest, Romania and Zagreb, Yugoslavia. The current agreement with the U.S.S.R. permits us, on a reciprocal basis, to increase distribution of America Illustrated from 62,000 to 82,000 copies monthly. We propose to discuss this change for implementation in fiscal 1976. Cost estimates for this proposal are contained in the Press and Publications Service section of this budget.

The justifications that follow explain the staff and activities financed with dollars under the Agency's regular "Salaries and Expenses" appropriation. Some overseas staff and activity costs for Poland are financed with excess foreign currencies, and appear under the estimates for the "Special Foreign Currency" appropriation. Descriptions and costs for the trade fairs, cultural exchange exhibits and solo exhibits appear in the Special International Exhibitions section of the budget. The media services in Washington provide program materials and services in direct support of overseas activities. The

SOVIET UNION AND EAST EUROPEAN PROGRAM

description and estimates for direct support programs are contained in the Press and Publications Service, Motion Picture and Television Service, Information Center Service, and Broadcasting Service sections of this budget. Materials and services requested to support the foreign currency programs are also identified in these sections. In addition, the Department of State provides administrative support services to the overseas missions on a reimbursable basis, the detailed estimates for which are contained in the Administrative Support section of this budget.

SOVIET UNION AND EAST EUROPEAN PROGRAM
Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)	Page Ref.
POSITIONS:					
Domestic	15	15	15	—	
Overseas American	59	61	62	1	
Local Employees	152	151	151	—	
Total Positions	226	227	228	1	14-7
Deduct Reimbursable Position Equivalents.....	-16	-17	-17	—	
Net Positions	210	210	211	1	
FUNDS:					
A. <u>Domestic Employee Compensation and Benefits</u>	\$ 322,341	\$ 356,880	\$ 367,034	\$ 10,154	14-5
B. <u>Overseas American Employee Compensation and Benefits</u> ..	1,535,081	1,682,001	1,768,829	86,828	14-5
C. <u>Local Employee Compensation and Benefits</u>	947,470	1,175,546	1,400,487	224,941	14-6
D. <u>Program Activity Costs:</u>					
1. Press and Publications	249,638	238,231	266,525	28,294	14-8
2. Motion Pictures and Television	7,831	4,745	4,745	—	14-8
3. Information Center and Related Activities	672,512	624,577	752,325	127,748	14-9
4. Program Direction	91,289	97,697	111,508	13,811	14-9
5. Direct Administrative Expenses	548,984	444,898	449,493	4,595	14-10
Sub-total, Activity Costs	1,570,254	1,410,148	1,584,596	174,448	
Total, Funds	4,375,146	4,624,575	5,120,946	496,371	
E. <u>Deduct Reimbursements</u>	-325,136	-330,100	-348,946	-18,846	
Total, Direct Obligations (Comparative Basis) ...	4,050,010	4,294,475	4,772,000	477,525	
F. <u>Deduct Costs Transferred from Special Foreign Curr. Appr.</u>	-58,975	XXX	XXX	XXX	
Total, 1974 Direct Obligations	3,991,035	XXX	XXX	XXX	
G. <u>Deduct Proposed Pay Act Supplemental</u>	XXX	-73,700	XXX	XXX	
Total, 1975 Enacted Appropriation	XXX	4,220,775	XXX	XXX	

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SOVIET UNION AND EAST EUROPEAN PROGRAM

A. Domestic Employee Compensation and Benefits (1974 Actual, \$322,341; 1975 Estimate, \$356,880; 1976 Estimate, \$367,034; Increase, \$10,154).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions	15	15	15	—
Man-years	14.5	15	15	—
Salary and direct benefit costs	\$ 322,341	\$ 356,880	\$ 367,034	\$ 10,154

The requested increase of \$10,154 is requested to provide \$3,007 for within-grade salary increases, \$5,725 for full year costs of the 1974 Federal pay raise, and \$1,422 for one extra day's pay in 1976.

B. American Employee Compensation and Benefits (1974 Actual, \$1,535,081; 1975 Estimate, \$1,682,001; 1976 Estimate, \$1,768,829; Increase, \$86,828).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions	59	61	62	1
Man-years	58.3	59.7	61.2	1.5
1. Salary and direct benefits costs	\$1,326,005	\$1,437,450	\$1,515,833	\$78,383
2. Hardship post differential	82,815	90,017	96,930	6,913
3. Foreign Service allowances	122,997	146,368	147,900	1,532
4. Rest and recuperation travel	3,264	8,166	8,166	—
Total	1,535,081	1,682,001	1,768,829	86,828

The net increase of \$86,828 in 1976 is requested to provide:

- a. \$26,841 for the full-year cost of two positions added in 1975;
- b. \$14,908 for within-grade salary increases;
- c. \$6,450 for one extra day's pay in 1976;
- d. \$25,129 for full-year costs of the 1974 Federal pay raise; and
- e. \$18,917 for a new position added in the Soviet Union in 1976.

The above increases are partially offset by savings of \$5,417 for non-recurring temporary lodging, supplemental post and transfer allowance costs.

SOVIET UNION AND EAST EUROPEAN PROGRAM

C. Local Employee Compensation and Benefits (1974 Actual, \$947,470; 1975 Estimate, \$1,175,546; 1976 Estimate, \$1,400,487;
Increase, \$224,941).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Positions	152	151	151	-
Man-years	140.4	145	147	2
Salary and direct benefit costs	\$ 947,470	\$1,175,546	\$1,400,487	\$224,941

The net increase of \$224,941 in 1976 is requested to provide:

- a. \$178,280 for wage scale increases, including \$127,099 for the full-year costs of 1975 increases and \$51,181 for anticipated increases in 1976;
- b. \$10,597 for the full-year cost of 1975 promotions;
- c. \$34,930 for within-grade salary increases;
- d. \$7,884 for the full-year cost of five positions added in RPO-Vienna, Czechoslovakia and Hungary in 1975;
- e. \$5,248 for one extra day's pay in 1976;
- f. \$3,843 for the full-year costs of 1975 currency realignments in Bulgaria, Hungary and Romania; and
- g. \$6,483 for local contractual personnel services associated with the new Kiev, USSR facility.

The above increases are partially offset by savings of \$22,329 for the non-recurring cost of six positions dropped in Yugoslavia in 1975.

Compensation and benefit costs described above provide for American and local positions as shown in the following summary.

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SOVIET UNION AND EAST EUROPEAN PROGRAM

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Am.	Loc.	Total	Am.	Loc.	Total	Am.	Loc.	Total	Am.	Loc.	Total
<u>Domestic Program Direction</u>	15	--	15	15	--	15	15	--	15	--	--	--
<u>Country/Regional Element:</u>												
Bulgaria	2	3	5	2	3	5	2	3	5	--	--	--
Czechoslovakia	3	4	7	4	7	11	4	7	11	--	--	--
Hungary	2	4	6	3	5	8	3	5	8	--	--	--
Poland	10	a/	10	10	a/	10	10	a/	10	--	--	--
Regional Projects Office	6	44	50	6	45	51	6	45	51	--	--	--
Romania	7	14	21	7	14	21	7	14	21	--	--	--
U.S.S.R.	13	b/	13	14	b/	14	15	b/	15	1	--	1
Jugoslavia	16	83	99	15	77	92	15	77	92	--	--	--
Sub-total, Country/Regional	59	152	211	61	151	212	62	151	213	1	--	1
Total, Positions	74	152	226	76	151	227	77	151	228	1	--	1

a/ Included in estimates submitted for the Special Foreign Currency appropriation.

b/ Special Contractual Employees..

SOVIET UNION AND EAST EUROPEAN PROGRAM

D. Program Activity Costs (1974 Actual, \$1,570,254; 1975 Estimate, \$1,410,148; 1976 Estimate, \$1,584,596; Increase, \$174,448).

Program activity costs derive from the following: press and publication, motion picture and television activities, information centers and related activities, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail.

1. Press and Publications Activities (1974 Actual, \$249,638; 1975 Estimate, \$238,231; 1976 Estimate, \$266,525; Increase, \$28,294).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. USIS periodicals	\$107,326	\$ 93,715	\$108,715	\$15,000
b. Information placement	62,330	65,195	73,516	8,321
c. Pamphlets and photo displays	79,982	79,321	84,294	4,973
Total	249,638	238,231	266,525	28,294

The Regional Projects Office produces publications in various language versions for distribution in the Soviet Union and East Europe. In 1974 a regional magazine produced at RPO in six languages (Bulgarian, Hungarian, Serbo-Croatian, Czech, Polish and Romanian) was integrated with the Agency's centrally produced publication Horizons USA. Inserts in three languages for the new magazine are being produced at RPO. Editing and typesetting of the Polish and Romanian versions of the Agency publication Dialogue are also performed at RPO. In 1975 a Russian version of Dialogue was initiated with translating and editing being performed in the United States. Information placement covers the cost of printing materials, paper, and services related to the preparation and dissemination of press materials. Also included are wireless file distribution costs, purchase of local newspapers, and mailing costs of post periodicals. The third category under press and publications activities covers the production and distribution of pamphlets and photo displays. The 1976 increase includes \$15,000 for full year translation, editing and distribution costs of the Russian version of Dialogue begun in 1975 and \$15,044 for the impact of price increases on pamphlet and information placement activities at RPO Vienna and in Yugoslavia; partially offset by non-recurring costs of \$2,350 for a special pamphlet produced in conjunction with Polish First Secretary Gierek's visit to the U.S. in 1975.

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2. Motion Pictures and Television Activities (1974 Actual, \$7,831; 1975 Estimate, \$4,745; 1976 Estimate, \$4,745; No Change).

Motion picture and television activity costs are for film distribution and invitational showings, including the cost of postage and projector maintenance, and for joint USIS and local television network productions. No change is proposed in 1976 from the 1975 budgeted amount.

SOVIET UNION AND EAST EUROPEAN PROGRAM

3. Information Center and Related Activities (1974 Actual, \$672,512; 1975 Estimate, \$624,577; 1976 Estimate, \$752,325; Increase, \$127,743).

Information center and related activities consist of the following:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Information Center Operations	\$443,101	\$327,589	\$450,631	\$123,042
b. Book Program	25,000	—	—	—
c. Exhibits	93,234	150,513	150,513	—
d. Presentations	4,660	6,626	6,626	—
e. English Teaching	21,866	22,009	22,009	—
f. Cultural Activities	84,651	117,840	122,546	4,706
Total	672,512	624,577	752,325	127,748

Current year funds cover the operation of information centers in Belgrade, Ljubljana, Zagreb, Skopje, and Sarajevo, Yugoslavia and Bucharest, Romania; libraries in Warsaw and Poznan, Poland; information support to the Krakow, Poland, Leningrad, U.S.S.R. and Bratislava, Czechoslovakia Consulates and operation of a reading room in Novi Sad, Yugoslavia. In 1976, information support will begin to a new Consulate to open in Kiev, U.S.S.R. Funds included in this activity provide for rents and maintenance of the facilities, purchase and distribution of presentation materials, locally produced exhibits, English teaching activities, local support to the Exchange of Persons Program lecture and seminar programs, and other cultural activities.

The net increase of \$127,748 in 1976 represents \$56,000 and \$18,000 respectively for renovation of the existing Zagreb and Bucharest centers; \$108,000 for renovation and furnishing support to the new Consular facility in Kiev, USSR; \$3,903 for full-year costs of the impact of currency realignments on information center operations and cultural activities; \$3,000 for full-year operating costs of the Bratislava facility opening in 1975; \$19,601 for price increases associated with on-going information center and cultural activities; and \$2,466 for program operations of the new Kiev facility in 1976; partially offset by non-recurring 1975 costs of \$83,222 for renovation of the Bratislava and Sarajevo facilities.

4. Program Direction (1974 Actual, \$91,289; 1975 Estimate, \$97,697; 1976 Estimate, \$111,508; Increase, \$13,811).

These funds provide for travel by the Assistant Director for the Area and his staff; travel within each country by the USIS staff; and the procurement of reference books, magazines, and newspapers for staff use. The net increase of \$13,811 represents \$800 for full-year travel and subscription costs of the Bratislava Consulate, \$9,438 for anticipated rate increases in international air fares, \$2,965 for full year support of the new position established in Moscow in 1975,

SOVIET UNION AND EAST EUROPEAN PROGRAM

\$700 for additional travel and subscription costs of the Kiev Consulate and \$2,000 for restoration of normal travel levels; partially offset by non-recurring costs of \$2,092 related to the 1975 visit of Polish First Secretary Gierek to the U. S.

5. Direct Administrative Expenses (1974 Actual, \$548,984; 1975 Estimate, \$444,898; 1976 Estimate, \$449,493; Increase, \$4,595).

These funds provide for office and residential space; cleaning and custodial services; communications costs; local purchases of supplies and materials; and office and residential furniture and equipment.

The net increase of \$4,595 in 1976 is requested to provide \$32,040 for price increases on residential utilities and leases and contractual services; \$1,525 for utility costs related to full year operations of the Bratislava Consulate and Sarajevo Information Center; \$9,034 for Kiev vehicle operations and residential furnishing costs; and \$5,996 for full year costs of the impact of currency realignment in 1975 on administrative services, leases and utilities; partially offset by non-recurring costs of \$44,000 for a residential multi-year lease and furnishing related to the Sarajevo and Bratislava facilities.

SOVIET UNION AND EAST EUROPEAN PROGRAM

Summary of Requirements - Dollar and Special Foreign Currency Appropriations

POSITIONS	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total
Domestic	15	—	15	15	—	15	15	—	15	—	—	—
Overseas Americans	59	—	59	61	—	61	62	—	62	1	—	1
Local Employees	152	23	175	151	24	172	151	24	175	—	—	—
Total Positions	226	23	249	229	24	221	228	24	252	1	—	1
Direct Reimbursable Position Equivalents	16	—	19	17	—	20	17	—	20	—	—	—
Net Positions	210	20	230	21	21	231	211	21	232	1	—	1
TOTALS:												
A. Domestic Employee Compensation and Benefits \$ 322,341 \$ — \$ 322,341 \$ 356,880 \$ — \$ 356,880 \$ 367,034 \$ — \$ 367,034 \$ 10,154 \$ — \$ 10,154												
B. Overseas Employee Compensation and Benefits 1,535,081 — 1,535,081 1,682,081 — 1,682,081 1,768,829 — 1,768,829 86,828 — 86,828												
C. Local Employee Compensation and Benefits .. 947,470 68,588 1,016,058 1,175,546 90,577 1,266,123 1,400,487 106,230 1,506,717 224,941 15,653 240,594												
D. Program Activity Costs:												
1. Press and Publications 249,638 6,794 256,432 238,231 10,955 249,186 266,525 10,955 277,480 28,294 — 28,294												
2. Motion Pictures and Television .. 7,631 3,233 11,064 4,745 4,123 8,868 4,745 4,123 8,868 — — —												
3. Info. Centers and Related Activities .. 672,512 34,159 706,671 624,577 51,433 676,010 752,325 51,433 805,476 127,748 1,716 129,444												
4. Program Direction .. 91,289 57,552 148,841 97,697 56,758 134,455 111,508 62,251 173,759 13,811 5,493 19,304												
5. Direct Administrative Expenses .. 648,460 55,460 664,446 444,986 81,054 525,902 449,493 82,780 531,873 4,395 1,326 5,922												
Sub-total, Activity .. 1,570,254 197,198 1,767,452 1,410,168 204,323 1,614,471 1,584,596 213,858 1,797,454 174,448 8,535 182,985												
E. Total, Funds	4,375,146	265,786	4,640,932	4,624,575	294,900	4,919,475	5,120,946	319,088	5,440,034	496,371	24,181	520,559
F. Direct Obligations	-355,736	-34,208	-379,944	-330,100	-35,088	-345,188	-348,346	-35,988	-364,834	-18,846	-800	-19,446
Total, Direct Obligations (Com. Basis)	4,050,010	251,578	4,301,588	4,294,475	279,812	4,574,287	4,772,000	303,200	5,075,200	477,585	23,388	500,913
G. Direct Proposed Pay Act Supplemental	XXX	XXX	XXX	-73,700	—	-73,700	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriations	XXX	XXX	XXX	4,220,775	279,812	4,500,587	XXX	XXX	XXX	XXX	XXX	XXX

NOTE: For comparability in the estimates program costs in 1974 for operations in Yugoslavia were transferred from the SPC to the dollar appropriation.

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SOVIET UNION AND EAST EUROPEAN PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

POSITIONS	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total
Domestic	15	—	15	15	—	15	15	—	15	—	—	—
Overseas Americans	47	—	59	61	—	61	62	—	62	1	—	1
Local Employees	23	175	175	24	175	175	24	175	175	—	—	—
Total Positions	2	23	23	22	24	24	21	22	22	1	—	1
Direct Reimburseable Position Equivalents	—	—	—	—	—	—	—	—	—	—	—	—
Net Positions	210	26	230	210	21	231	211	21	232	1	—	1
<i>Costs Relocated by Country:</i>												
Bulgaria	8	27,458	8	—	8	27,458	8	42,602	8	—	8	48,722
Czechoslovakia	91,180	—	91,180	162,309	—	162,309	102,699	—	102,699	—	—	—59,610
Hungary	38,210	—	38,210	50,898	—	50,898	55,262	—	55,262	4,364	—	4,364
Poland	83,588	214,783	214,783	48,110	244,900	244,900	293,045	44,867	264,088	308,955	—	19,188
Regional Projects Office	685,753	—	685,753	807,322	—	807,322	923,181	—	923,181	115,859	—	115,859
Romania	304,455	—	304,455	341,213	—	341,213	384,001	—	384,001	43,788	—	42,788
U.S.S.R.	176,012	—	176,012	258,308	—	258,308	411,224	—	411,224	152,816	—	152,816
Yugoslavia	1,179,249	—	1,179,249	982,769	—	982,769	1,118,026	—	1,118,026	32,257	—	32,257
Sub-total, Country Costs	2,585,905	214,783	2,800,688	2,693,561	244,900	2,938,461	3,087,982	264,088	3,352,070	394,421	19,188	413,609
<i>Area-Wide Costs</i>												
Domestic Emp. Com. and Benefits	322,341	—	322,341	356,880	—	356,880	367,034	—	367,034	10,154	—	10,154
American Employees Compensation and Benefits 1/	1,408,820	—	1,408,820	1,527,467	—	1,527,467	1,612,763	—	1,612,763	85,296	—	85,296
Regional Services	58,080	51,003	109,083	66,467	50,000	96,467	53,167	55,000	108,167	6,500	5,000	11,500
Sub-total, Area-Wide	1,769,221	51,003	1,840,224	1,931,014	50,000	1,981,014	2,032,964	55,000	2,087,964	101,950	5,000	106,950
Total, Funds	4,375,166	265,786	4,640,932	4,624,575	294,900	4,939,475	5,120,946	319,088	5,440,034	496,371	24,188	520,559
Direct Reimbursements	-325,136	-14,208	-339,344	-330,100	-15,088	-345,188	-348,946	-15,088	-364,934	-18,846	-800	-19,646
Total, Direct Obligations (Comparative Basis)	4,050,010	251,578	4,301,588	4,294,475	279,812	4,574,287	4,772,000	303,200	5,075,200	477,525	23,388	500,913
Direct Proposed Pay Act Supplemental	XXX	XXX	XXX	-73,700	—	-73,700	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriations	XXX	XXX	XXX	4,220,775	279,812	4,500,287	XXX	XXX	XXX	XXX	XXX	XXX

1/ Excludes Foreign Service Allowances and Rest and Recuperation Travel which are included in country costs.

NOTE: For comparability in the estimates program costs in 1974 for operations in Yugoslavia were transferred from the SPC to the dollar appropriation.

WORLD-WIDE MISSION COSTS

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Summary of Requirements	\$9,413,632	\$9,962,219	\$10,992,100	\$1,029,881

General Statement

This section covers funds for those USIS mission expenses that are administered on a world-wide basis. These items are: training, Foreign Service pipeline costs, home leave and related costs, representation, USIS vehicle purchase and shipping costs, Foreign Service medical expenses, and emergency travel and claims.

The net increase of \$1,029,881 is requested to provide: \$83,347 for the full-year costs of the October 13, 1974 Federal pay raise; \$37,965 for within-grade salary increases; \$22,070 for an additional extra day's pay in 1976; \$341,976 for international air fare and shipping increases anticipated in 1976 and \$72,258 for the full-year cost of shipping and air fare increases effective in 1975; \$296,966 for restoration of normal levels of Home Leave and Transfer trips, training at overseas workshops, and vehicle replacements; \$166,600 for increased educational travel for dependents; \$95,030 for four additional positions in Area and Language Training; and \$50,000 for representational allowances. These increases are partially offset by a reduction of \$92,560 and four positions in Professional and Technical Training and other net decreases of \$43,771 primarily related to a lower average purchase cost for vehicle replacements. The latter savings derive from the proposal to replace a significant number of non-passenger vehicles with smaller, less expensive passenger-carrying vehicles.

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Summary of Requirements

POSITIONS: a/	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
1. Training:				
a. Foreign Service	136	136	136	—
b. Civil Service	7	7	7	—
Sub-total, Training	143	143	143	—
2. Foreign Service Pipeline	85	85	85	—
Total, Positions	228	228	228	—
Deduct Reimbursable Positions	-15	-15	-15	—
Net, Positions	<u>213</u>	<u>213</u>	<u>213</u>	—

a/ All overseas American positions are computed on the basis of man-years used or planned.

WORLD-WIDE MISSION COSTS

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)	Page Ref.
FUNDS:					
1. Training	\$3,316,246	\$3,406,364	\$3,545,485	\$ 139,121	15-2
2. Pipeline	2,364,165	2,551,855	2,624,420	72,565	15-5
3. Home Leave, Transfer and Related Costs	3,531,673	3,708,536	4,475,506	766,970	15-6
4. Representation	135,000	150,000	200,000	50,000	15-7
5. USIS Vehicle Purchase and Shipping	490,102	625,303	647,518	22,215	15-7
6. Foreign Service Medical Expenses	349,970	322,480	329,952	7,472	15-9
7. Emergency Travel and Claims	66,253	86,225	91,720	5,495	15-9
Total, Funds	<u>10,253,409</u>	<u>10,850,763</u>	<u>11,914,601</u>	<u>1,063,838</u>	
Deduct Reimbursements	-839,777	-888,544	-922,501	-33,957	
Total, Direct Obligations	<u>9,413,632</u>	<u>9,962,219</u>	<u>10,992,100</u>	<u>1,029,881</u>	
Deduct Proposed Pay Act Supplemental	XXX	-203,900	XXX	XXX	
Total, 1975 Enacted Appropriation	<u>XXX</u>	<u>9,758,319</u>	<u>XXX</u>	<u>XXX</u>	

Explanation of Requirements

1. Training(1974 Actual, \$3,316,246; 1975 Estimate, \$3,406,364; 1976 Estimate, \$3,545,485; Increase, \$139,121).

The Agency's training program for American and Foreign National Staff is composed of the categories listed below. All overseas American positions are computed on the basis of man-years.

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
	Pos. Amount	Pos. Amount	Pos. Amount	Pos. Amount
a. Area and Language Training	43 \$1,036,830	43 \$1,111,381	47 \$1,240,051	4 \$128,670
b. Professional and Technical Training	46 1,346,704	46 1,356,046	42 1,346,521	-4 -9,525
c. Junior Officer Training	47 711,745	47 751,255	47 765,195	— 13,940
d. Management Training	7 73,675	7 77,880	7 79,605	— 1,725
e. Local Employee Training	-- 101,848	— 64,087	— 68,398	— 4,311
f. Training Aids	— 45,444	— 45,715	— 45,715	— —
Total, Training	<u>143 3,316,246</u>	<u>143 3,406,364</u>	<u>143 3,545,485</u>	<u>— 139,121</u>

WORLD-WIDE MISSION COSTS

a. Area and Language Training:

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	<u>Increase or Decrease (-)</u>
1. Trainee Compensation and Benefits	\$952,895	\$1,033,970	\$1,162,640	\$128,670
2. Travel and Per Diem	22,355	21,675	21,675	—
3. Training Fees and Materials	61,580	55,736	55,736	—
Total, Area and Language Training	1,036,830	1,111,381	1,240,051	128,670

These funds provide for Agency Foreign Service employees (except Junior Officer Trainees) who are enrolled in area and language training programs, primarily at the Foreign Service Institute. Some officers are also enrolled at selected American universities, and in privately operated language courses. Tuition costs for the Foreign Service Institute are shown under the Administrative Support section of this Budget, Tab 21.

The increase of \$128,670 is requested to provide \$16,955 for full-year cost of the Federal pay raise in 1975; \$11,720 for within-grade salary increases in 1976; \$4,965 for an additional extra day's pay in 1976; and \$95,030 for four positions added in 1976 to enhance the language capability of Agency Foreign Service employees.

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WORLD-WIDE MISSION COSTS

b. Professional and Technical Training:

Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
1. Trainee Compensation and Benefits	\$1,033,580	\$1,117,685	\$1,056,160	-\$61,525
2. Travel and Per Diem	100,653	81,824	104,154	22,330
3. Training Fees and Materials	212,471	156,537	186,207	29,670
Total, Professional and Technical Training	1,346,704	1,356,046	1,346,521	-9,525

These funds provide for salaries, travel, per diem, and other training costs for Agency Foreign Service employees who attend the Foreign Service Institute, the Service Colleges of the Defense Department, and American universities, and for Foreign Service officers in the Agency's mid-career media training program. This category also provides for the cost of tuition, travel, per diem, and training materials for other professional and technical training of both Civil Service and Foreign Service employees. Salaries for Civil Service employees undergoing this type of training are budgeted against positions and funds for the Agency elements to which they are assigned. Tuition costs at the Foreign Service Institute are shown under the Administrative Support section of this Budget, Tab 21.

The net decrease of -\$9,525 results from a reduction of -\$92,560 for four dropped positions in 1976; partially offset by increases of \$18,220 for full-year costs of the Federal pay raise in 1975; \$8,980 for within-grade increases in 1976; \$3,835 for an additional extra day's pay in 1976; and \$52,000 to bring to appropriate levels the number of overseas workshops for video-tape recorder training.

c. Junior Officer Training (1974 Actual, \$711,745; 1975 Estimate, \$751,255; 1976 Estimate, \$765,195; Increase, \$13,940).

This program provides the Agency with well-qualified young men and women who will fill officer requirements resulting from turnover in the Foreign Service. The training period for Junior Officers averages 24 months, including language training. This Budget provides a level of 30 Junior Officer appointments in 1976.

The increase of \$13,940 provides \$11,205 for full-year cost of the Federal pay raise in 1975, and \$2,735 for an additional extra day's pay in 1976.

WORLD-WIDE MISSION COSTS

- d. Management Training Program (1974 Actual, \$73,675; 1975 Estimate, \$77,880; 1976 Estimate, \$79,605; Increase, \$1,725).

The Management Training program is designed to develop officers for assignment to administrative positions in the domestic service or overseas. The increase of \$1,725 provides \$1,410 for full-year cost of the Federal pay raise in 1975, and \$315 for an additional extra day's pay in 1976.

- e. Local Employee Training:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
1. Travel and Per Diem	\$100,937	\$63,870	\$68,181	\$4,311
2. Training Contracts and Fees	911	217	217	—
Total, Local Employees Training	101,848	64,087	68,398	4,311

These funds provide for an orientation program for selected foreign national employees to receive training in the Washington media elements and to obtain a broad exposure to life in the United States. The increase of \$4,311 is requested to provide for anticipated increases in international air fares.

- f. Training Aids (1974 Actual, \$45,444; 1975 Estimate, \$45,715; 1976 Estimate, \$45,715; No Change).

These funds provide for the purchase, maintenance, and replacement of training films and slides, books, maps, exhibits, and other training materials and equipment. No change is proposed for 1976 from the 1975 budgeted amount.

2. Foreign Service Pipeline (1974 Actual, \$2,364,165; 1975 Estimate, \$2,551,855; 1976 Estimate, \$2,624,420; Increase, \$72,565).

These funds cover compensation and benefits for 85 pipeline positions, computed on the basis of man-years resulting from: (1) overlap in Foreign Service assignments; (2) administrative and special assignments, and periods between formal assignments; and (3) medical emergencies and care.

The increase of \$72,565 in 1976 is requested to provide \$41,150 for full-year cost of the Federal pay raise in 1975; \$21,195 for within-grade salary increases in 1976; and \$10,220 for an additional extra day's pay in 1976.

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WORLD-WIDE MISSION COSTS

3. Home Leave, Transfer and Related Costs (1974 Actual, \$3,531,673; 1975 Estimate, \$3,708,536; 1976 Estimate, \$4,475,506;
Increase, \$766,970.)

This activity provides for: (a) appointment travel for new employees in the Foreign Services; (b) home leave travel for eligible Foreign Service employees; (c) direct transfer travel for changes of duty station; and (d) storage of effects, separate travel of dependents, and other related costs.

The increase of \$766,970 is requested to provide:

- (a) \$74,195 for full-year cost of air fare and shipping increases effective in 1975;
- (b) \$310,470 for anticipated air fare and shipping increases in 1976;
- (c) \$196,265 for restoration of home leave trips that were deferred in 1975 due to the limitation on travel imposed by Public Law 93-255;
- (d) \$166,600 for increased entitlement to educational travel for dependents; and
- (e) \$19,440 for increased support related to the proposed increase in the Department of State's Exchange of Persons Program.

<u>Type of Trip:</u>	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	No. of Trips	Amount	No. of Trips	Amount	No. of Trips	Amount	No. of Trips	Amount
<u>Appointment Trips:</u>								
To Washington	31	\$24,850	39	\$34,120	43	\$41,080	4	\$6,960
To Posts	37	118,955	53	187,355	57	222,300	4	34,945
Sub-total	68	143,805	92	221,475	100	263,380	8	41,905
<u>Separation Trips</u>								
	66	217,470	66	240,240	66	265,650	--	25,410
<u>Home Leave Trips:</u>								
Round Trips	145	575,650	124	565,440	143	722,150	19	156,710
Combined with Transfer	184	1,243,840	163	1,230,650	177	1,480,605	14	249,955
Sub-total	329	1,819,490	287	1,796,090	320	2,202,755	33	406,665
<u>Direct Transfers:</u>								
U.S. to Post	96	574,080	96	630,720	96	698,400	--	67,680
Post to U.S.	26	115,440	26	127,660	26	141,440	--	13,780
Post to Post	83	292,160	83	321,625	83	354,825	--	33,200
Sub-total	205	981,680	205	1,080,005	205	1,192,665	--	114,665
Total, Trips	668	3,162,445	650	3,337,810	691	3,926,450	41	588,640

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WORLD-WIDE MISSION COSTS

Related Costs:	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	No. of Trips	Amount	No. of Trips	Amount	No. of Trips	Amount	No. of Trips	Amount
Storage of Household Effects ...	--	\$195,639	--	\$182,381	--	\$182,381	--	\$ --
Separate Travel of Dependents ..	--	69,114	--	83,000	--	259,430	--	176,430
Separate Shipment of Effects ...	--	7,836	--	8,221	--	9,101	--	880
Home Service Transfer Allowance	--	87,795	--	87,800	--	87,800	--	—
Shipment of Replacement Vehicles	--	8,844	--	9,324	--	10,344	--	1,020
Total, Related Costs	--	369,228	--	370,726	--	549,056	--	178,330
Total, Home Leave, Transfer and Related Costs	668	3,531,673	650	3,708,536	691	4,475,506	41	766,970

4. Representation Allowance (1974 Actual, \$135,000; 1975 Estimate, \$150,000; 1976 Estimate, \$200,000; Increase, \$50,000).

Representation expenses cover costs incurred by officers overseas in establishing and maintaining personal contacts and working relations with local government officials, editors, and other leaders and opinion molders. Reimbursement for this type of expense is made on the basis of a detailed voucher, submitted by an officer after he has incurred a representation expense. Each voucher contains information showing the amount and purpose of the expenditure, the names of the guests, and the type of function held.

In 1976, the increase of \$50,000 consists of \$21,660 to offset overseas price increases, and \$28,340 to reimburse our Foreign Service Officers for a larger portion of their representational expenses. Increases provided over recent years have approximated the effects of inflation but Agency officers continue to use their personal resources to a significant degree. USIS Missions have reported that approximately \$325,000 was spent in 1974 for representational activities, of which about \$190,000 was paid by USIS officers from their own funds.

5. USIS Vehicle Purchase and Shipping (1974 Actual, \$490,102; 1975 Estimate, \$625,303; 1976 Estimate, \$647,518; Increase, \$22,215).

The 1976 estimate provides \$473,100 for the purchase of 136 replacement vehicles (\$290,908 of appropriated funds and \$182,192 from anticipated proceeds from the sale of vehicles) and \$174,418 for shipping. The net increase of \$22,215 consists of \$48,701 for restoration of vehicle replacements which were deferred in 1975; \$19,154 for shipping of vehicles purchased but not shipped in 1975; and \$17,285 for anticipated shipping cost increases. These increases are partially offset by a reduction of \$62,925 related to a lower average purchase cost per vehicle in 1976 resulting mainly from the proposed replacement of 70 jeeps, carryalls, sedan delivery and other more expensive non-passenger vehicles in the USIS inventory with lower-priced passenger vehicles.

WORLD-WIDE MISSION COSTS

The USIS vehicle fleet was reduced by 42 during FY 1974, from 723 to 681. The purchases, distribution and inventory changes in the fleet are as follows:

Area	Summary of USIS Vehicle Purchases		
	1974 Actual	1975 Estimate	1976 Estimate
East Asia and Pacific	17	15	23
Africa	27	26	22
North Africa, Near East and South Asia	21	22	23
Latin America	21	39	36
West Europe	15	12	22
Soviet Union and East Europe	5	8	10
Total	106	122	136

Area	Summary of Distribution and Changes in USIS Inventory							
	Total Fleet 6/30/73	Net Change 1974 Actual	Total Fleet 6/30/74	Net Change 1975 Estimate	Total Fleet 6/30/75	Net Change 1976 Estimate	Total Fleet 6/30/76	
East Asia and Pacific	213	-23	190	--	190	--	190	
Africa	110	-6	104	--	104	--	104	
North Africa, Near East and South Asia ...	135	-1	134	--	134	--	134	
Latin America	130	-6	124	--	124	--	124	
West Europe	109	-5	104	--	104	--	104	
Soviet Union and East Europe	26	-1	25	--	25	--	25	
Total	723	-42	681	--	681	--	681	

WORLD-WIDE MISSION COSTS

6. Foreign Service Medical Expenses (1974 Actual, \$349,970; 1975 Estimate, \$322,480; 1976 Estimate, \$329,952; Increase, \$7,472).

The 1975 and 1976 estimates are based on 1974 average costs per overseas American position for hospitalization, medical evacuation travel, immunization, and examination of overseas employees and their dependents. The increase of \$7,472 in 1976 provides \$6,320 for increases in international air fares, and \$1,152 for the addition of four positions in 1976 related to the proposed increase in the Department of State's Exchange of Persons Program.

7. Emergency Travel and Claims (1974 Actual, \$66,253; 1975 Estimate, \$86,225; 1976 Estimate, \$91,720; Increase, \$5,495).

This activity provides for: (a) emergency travel costs and subsistence allowances of Agency personnel and their dependents evacuated from troubled areas overseas; (b) emergency visitation travel costs of Agency overseas personnel in instances of serious illness or death of a member of the immediate family; and (c) claims for personal property losses by Agency personnel incident to their service. The increase of \$5,495 in 1976 is requested to provide \$4,610 for anticipated international air fare increases in 1976, and \$885 for full-year cost of air fare increases effective in 1975.

PRESS AND PUBLICATIONS SERVICE

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Summary of Requirements.	\$12,645,774	\$13,543,878	\$14,318,900	\$775,022

General Statement

The Press and Publications Service (IPS) supports U.S. foreign policy with the printed word and pictures. It supplies overseas posts with full texts of major speeches and statements by U.S. government officials; coverage of developments related to U.S. foreign policy objectives; analytical and background articles that explain U.S. foreign policy and American affairs; excerpts and reprints from U.S. publications, and other materials to meet the requests of individual posts. These are used in post-produced publications, placed in indigenous media and sent directly to target audiences. Some are intended as sources for talking points and policy guidance for mission staffs.

IPS publishes seven magazines—America Illustrated, a monthly in Russian; Dialogue, a cultural quarterly in English, French and Spanish (with Portuguese, Greek and East European language versions published by field posts); Problems of Communism, a scholarly bi-monthly in English; Economic Impact, a quarterly economic journal in English and Spanish; Topic, published eight times a year in English and French for Sub-Saharan Africa; Al-Majal, published eight times a year in Arabic; and Horizons USA, a bi-monthly in English and Spanish (with other language versions published by field posts). Pamphlets are produced to illustrate and explain special themes.

A photo service provides posts with picture stories, photo packets, illustrations for articles and large prints for display and exhibit purposes.

On the technical side, IPS operates and maintains the Wireless File and the Agency's photographic laboratory, and it manages regional service centers in Manila, Beirut and Mexico City where most of the Agency's magazines and pamphlets are printed. In addition, IPS purchases press and photo supplies and equipment for overseas posts.

The 1976 budget request reflects a net increase of \$775,022. The increase is requested to provide \$627,761 for built-in salary costs, \$138,283 for cost increases and other net built-in requirements, \$127,602 for increased circulation of Russian-language America Illustrated, and \$35,000 for increased program material for East Germany. These increases are offset in part by savings of \$117,552 resulting from position reductions, \$29,500 for program reductions in Vietnam and Burundi and a reduction of \$6,572 in home leave and transfer costs.

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PRESS AND PUBLICATIONS SERVICES
Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)	Page Ref.
I. POSITIONS					
Domestic	362	346	346	--	16-3
Overseas Americans	15	14	14	--	16-3
Local Employees.	311	296	296	--	16-3
Total Positions.	<u>688</u>	<u>656</u>	<u>656</u>	--	
Deduct Reimbursable Position Equivalents. . .	- 8	- 8	- 8	--	
Net Positions.	<u>680</u>	<u>648</u>	<u>648</u>	--	
II. FUNDS					
A. Indirect and World-Wide					
1. Employee Compensation and Benefits . . .	\$ 8,242,479	\$ 8,918,707	\$ 9,428,916	\$ 510,209	16-3
2. Press and Editorial Services	230,485	199,106	199,106	--	16-4
3. Publications	1,116,505	1,218,605	1,379,783	161,178	16-5
4. Communications	707,737	745,303	745,303	--	16-7
5. Printing Services.	408,945	481,551	530,044	48,493	16-8
6. Travel	186,474	178,129	184,875	6,746	16-8
7. Home Leave and Transfer Costs.	78,646	107,884	107,347	- 537	16-9
Sub-Total.	<u>10,971,271</u>	<u>11,849,285</u>	<u>12,575,374</u>	<u>726,089</u>	
Deduct Reimbursements.	- 432,322	- 340,535	- 340,535	--	
Total, Indirect and World-Wide	<u>10,538,949</u>	<u>11,508,750</u>	<u>12,234,839</u>	<u>726,089</u>	
B. Direct Support to Overseas Missions					
1. Printing Services.	1,344,456	980,921	981,736	815	16-10
2. Materials and Equipment.	<u>1,227,219</u>	<u>1,278,154</u>	<u>1,326,272</u>	<u>48,118</u>	16-11
Sub-Total.	2,571,675	2,259,075	2,308,008	48,933	
Deduct Reimbursements.	- 464,850	- 223,947	- 223,947	--	
Total, Direct Support to Overseas Missions.	<u>2,106,825</u>	<u>2,035,128</u>	<u>2,084,061</u>	<u>48,933</u>	
Total, Direct Obligations.	<u>12,645,774</u>	<u>13,543,878</u>	<u>14,318,900</u>	<u>775,022</u>	
C. Deduct Proposed Pay Act Supplemental	XXX	- 282,600	XXX	XXX	
Total, 1975 Enacted Appropriation.	<u>XXX</u>	<u>13,261,278</u>	<u>XXX</u>	<u>XXX</u>	

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PRESS AND PUBLICATIONS SERVICE

A. Indirect and World-Wide (1974 Actual, \$10,971,271; 1975 Estimate, \$11,849,285; 1976 Estimate, \$12,575,374; Increase, \$726,089).

1. Employee Compensation and Benefits (1974 Actual, \$8,242,479; 1975 Estimate, \$8,918,707; 1976 Estimate, \$9,428,916; Increase, \$510,209).

This activity funds: (1) the management staff of the Press and Publications Service; (2) the editorial staff that creates, selects, researches, illustrates and edits materials for world-wide distribution; (3) the communications and photo staff that operates and maintains the intra-agency tele-typewriter system, the world-wide Wireless File system and the photographic laboratory; and (4) the printing production service staffs that direct and operate the Agency's overseas printing facilities and purchase supplies and equipment for field posts' press and publication programs. Total positions are distributed as follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. <u>Domestic Staff:</u>				
Editorial Services	256	241	241	--
Communications and Photo Lab	71	70	70	--
Printing Services	12	12	12	--
Program Direction.	23	23	23	--
Total, Domestic Staff.	<u>362</u>	<u>346</u>	<u>346</u>	<u>--</u>
b. <u>Overseas American Staff:</u>				
Regional Service Centers:				
Beirut	5	5	5	--
Manila	7	6	6	--
Mexico City.	3	3	3	--
Total, Overseas Americans.	<u>15</u>	<u>14</u>	<u>14</u>	<u>--</u>
c. <u>Local Employees:</u>				
Dialogue Translation Staff	1	1	1	--
Wireless File System Maintenance	1	1	1	--
Regional Service Centers:				
Beirut	96	97	97	--
Manila	166	150	150	--
Mexico City.	47	47	47	--
Total, Local Employees	<u>311</u>	<u>296</u>	<u>296</u>	<u>--</u>
Total, Positions	<u>688</u>	<u>656</u>	<u>656</u>	<u>--</u>

PRESS AND PUBLICATIONS SERVICE

Funds for these positions and changes in 1976 requirements are as follows:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Domestic Staff	\$6,702,847	\$7,184,199	\$7,507,023	\$ 322,824
b. Overseas American Staff.	521,376	538,762	548,435	9,673
c. Local Employees.	1,018,256	1,195,746	1,373,458	177,712
Total.	8,242,479	8,918,707	9,428,916	510,209

a. Domestic Staff

The net increase of \$322,824 in 1976 is requested to provide \$57,715 for within-grade salary increases; \$25,163 for an extra day's pay in 1976; \$133,608 for the full year cost of the October 13, 1974 Federal pay raise; and \$210,390 for restoration of normal employment levels. These increases are partially offset by savings of \$104,052 resulting from a reduction of eight positions in 1975.

b. Overseas American Staff

The net increase of \$9,673 in 1976 is requested to provide \$3,460 for within-grade salary increases; \$1,605 for an extra day's pay in 1976; \$7,359 for the full year cost of the October 13, 1974 Federal pay raise; and \$10,749 for the anticipated increase in allowance costs for American personnel assigned overseas. These increases are partially offset by savings of \$13,500 resulting from a reduction of one position in 1975.

c. Local Employees

The increase of \$177,712 is requested to provide \$27,260 for within-grade salary increases; \$4,157 for an extra day's pay in 1976; and \$146,295 for wage scale increases.

2. Press and Editorial Services (1974 Actual, \$230,485; 1975 Estimate, \$199,106; 1976 Estimate, \$199,106; No Change).

Press and editorial services encompass all press and visual materials produced in the United States. Included are articles explaining U.S. foreign policy and portraying American life, picture stories and feature photos. These products constitute the major source of material for placement by USIS in overseas newspapers and periodicals, for distribution to opinion leaders, and for use in post-produced publications.

PRESS AND PUBLICATIONS SERVICE

2. a. The text and features service provides official policy statements and feature materials to overseas posts by radioteleype or mail. Output includes coverage of Congress, the United Nations, the White House, State and Defense Departments and other government agencies; coverage of U.S political and economic developments of major overseas interest; special country and area-targeted stories; articles on international affairs; and background materials on culture, technology and other major aspects of American life. These materials are staff-written, commissioned or drawn from commercial publications.
- b. Visual services provide pictures covering events of international interest, major aspects of American life and foreign visitors. Selected pictures are reproduced and distributed to field posts. Pictures are obtained from commercial agencies, educational institutions and other outside sources, many without cost, and are made by staff or freelance photographers.

Editorial Services Costs

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Text and Features Service	\$ 52,376	\$ 52,736	\$ 53,736	\$ --
b. Visual Services	178,109	145,370	145,370	--
Total Editorial Services	230,485	199,106	199,106	--

No change is proposed for 1976 from the 1975 budgeted amount.

3. Publications (1974 Actual, \$1,116,505; 1975 Estimate, \$1,218,605; 1976 Estimate, \$1,379,783; Increase \$161,178).

Publications services include periodicals and pamphlets in English and foreign language editions for world-wide and special area distribution.

- a. America Illustrated, a monthly magazine in Russian, non-political in content, is designed to present a balanced and varied picture of American culture and technology.
- b. Topic, a magazine with eight issues a year in English and French for sub-Saharan Africa, is designed to reflect in balanced variety the more significant aspects of American life and of U.S.-African relationships, helping political, cultural, professional and student leadership groups gain a thoughtful understanding of American culture.
- c. Al-Majal, a magazine in Arabic with eight issues a year, is published for leadership audiences in the Arab countries of North Africa and the Near East. It focuses on American culture, society and science and on U.S.-Arab relationships.

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PRESS AND PUBLICATIONS SERVICE

3. d. Problems of Communism, a bimonthly scholarly periodical, is provided to the field for distribution to scholars, editors and government officials.
- e. Dialogue, a quarterly journal of American thought and culture for intellectual readers, is circulated world-wide. It contains both reprints and original articles and is produced by IPS in English, Spanish and French. Field posts produce Portuguese, Greek and East European language editions.
- f. Economic Impact, a quarterly review, is published in English and Spanish for a world-wide audience of readers involved in economic decision-making. It provides analyses and significant background information on the American economy in a world-wide context.
- g. Horizons USA, a bimonthly, is circulated world-wide in English, Spanish and 14 post-produced language editions. It projects the vitality of the nation's political, economic, social, cultural and technological forces in an increasingly interdependent world.
- h. Pamphlets are produced on aspects of American culture, scientific development, economy, government and other themes. They are published in English and Spanish, and many field posts later issue them in other language versions.

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Activity	No. Copies Per Issue	Publications Program Costs			Increase or Decrease (-)
		1974 Actual	1975 Estimate	1976 Estimate	
a. <u>America Illustrated</u> (Russian) (60 pages monthly)	84,000	\$ 553,465	\$ 552,028	\$ 698,525	\$ 146,497
b. <u>Topic</u> (40 pages; eight issues/year)	52,750	172,325	184,046	190,367	6,321
c. <u>Al-Majal</u> (40 pages; eight issues/year)	21,300	76,812	76,539	78,577	2,038
d. <u>Problems of Communism</u> (84 pages bi-monthly)	27,000	72,250	72,630	72,844	214
e. <u>Dialogue</u> (128 pages quarterly)	100,900	74,316	80,064	82,335	2,271
f. <u>Economic Impact</u> (80 pages quarterly)	44,800	49,332	54,398	55,634	1,236
g. <u>Horizons USA</u> (68 pages bi-monthly)	76,400	102,593	184,712	187,313	2,601
h. <u>Pamphlets</u>	--	15,412	14,188	14,188	--
Total Publications		1,116,505	1,218,605	1,379,783	161,178

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PRESS AND PUBLICATIONS SERVICE

Costs for Horizons USA include editorial and production costs of the English-language world-wide edition and Spanish-language Latin American edition. Production costs for 14 field-produced local-language editions, including Polish which replaced the Polish edition of America Illustrated, are included under Printing Services, Direct Support to Overseas Missions, or as a local country cost.

The increase of \$161,178 provides \$127,602 for increased circulation of America Illustrated from 64,000 to 84,000 copies per issue in 1976 and \$33,576 for the anticipated increase in the cost of international shipping.

4. Communications (1974 Actual, \$707,737; 1975 Estimate, \$745,303; 1976 Estimate, \$745,303; No Change).

This activity provides the engineering and technical support necessary for fast internal and world-wide distribution of news and feature material. Included are funds for support of a world-wide radioteletypewriter Wireless File system and an intra-agency teletypewriter system and costs of domestic and international commercial communications service.

- a. Five area editions (Latin America, East Asia - Pacific, Europe, Near East - South Asia and Africa) of the Wireless File disseminate timely material daily by direct radioteletypewriter transmissions from Washington to the principal posts within each geographical area.
- b. The intra-agency teletypewriter system provides for the rapid distribution of news and feature material among the Agency news desks and the media press, language and broadcast sections.

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Communications Program Costs

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Wireless File Transmission and System Maintenance.	\$ 425,820	\$ 433,119	\$ 433,119	\$ --
b. Commercial Cables and Other Communications Costs.	281,917	312,184	312,184	--
Total.	<u>707,737</u>	<u>745,303</u>	<u>745,303</u>	<u>--</u>

No change is proposed for 1976 from the 1975 budgeted amount.

PRESS AND PUBLICATIONS SERVICE

5. Printing Services (1974 Actual, \$408,945; 1975 Estimate, \$481,551; 1976 Estimate, \$530,044; Increase, \$48,493).

Regional Service Centers are operated at Beirut, Manila and Mexico City to produce periodicals and pamphlets used by posts in all areas. Printing services provide for the cost of rent, utilities and plant maintenance and for the purchase of new and replacement equipment used in the Regional Service Centers. These costs are distributed as follows:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. <u>Rent, Utilities and Maintenance</u>				
Beirut	\$ 134,571	\$ 132,943	\$ 146,991	\$ 14,048
Manila	123,098	203,051	234,906	31,855
Mexico City.	25,373	24,057	25,311	1,254
Sub-Total.	283,042	360,051	407,208	47,157
b. <u>Equipment</u>	125,903	121,500	122,836	1,336
Tot'l, Printing Services	408,945	481,551	530,044	48,493

The increase of \$48,493 provides \$47,157 for the anticipated increase in the cost of utilities and rents at the three Regional Service Centers and \$1,336 for international shipping of equipment.

6. Travel (1974 Actual, \$186,474; 1975 Estimate, \$178,129; 1976 Estimate, \$184,875; Increase, \$6,746).

Trips are made for: (1) editorial services, to obtain written and pictorial coverage of foreign visitors, conferences, international meetings and other special events; (2) publications, to arrange for articles and pictorial material from American publishers and photographic agencies for use in Agency publications; (3) communications, to consult with equipment suppliers and to service each post having radiotetelypewriter units maintained by Agency staff; and (4) printing services, to inspect paper and equipment at the manufacturing plants and operations of the Regional Service Centers and to consult with mission posts on printing and other needs.

The increase of \$6,746 is requested to provide for an anticipated increase in international air fares in 1976.

PRESS AND PUBLICATIONS SERVICE

7. Home Leave and Transfer Costs (1974 Actual, \$78,646; 1975 Estimate, \$107,884; 1976 Estimate, \$107,347; Decrease, \$-537).

These funds provide for travel and transportation costs related to the assignment of American personnel to the Regional Service Centers at Manila, Beirut and Mexico City and of new employees appointed in the Foreign Service receiving first assignments in Washington. The following schedule shows the number of trips and the amounts required.

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Trips	Amount	Trips	Amount	Trips	Amount	Trips	Amount
Appointment Trips.	1	\$ 3,244	3	\$ 17,903	2	\$ 15,561	- 1	\$ - 2,342
Separation Trips.	-	--	3	16,882	2	13,170	- 1	- 3,712
Home Leave and Return.	4	34,622	3	18,188	5	54,213	2	36,025
Home Leave and Transfer.	2	11,970	1	9,117	-	--	- 1	- 9,117
Direct Transfer.	3	14,498	4	26,708	1	8,277	- 3	-18,431
Separate Travel of Dependents.	1	1,700	-	--	-	--	-	--
Transportation and Storage of Effects and Shipment of Replacement Vehicles	-	4,121	-	3,060	-	3,200	-	140
Appointment Trips of Foreign Service Personnel assigned to Washington. .	5	5,542	4	7,804	5	9,755	1	1,951
Education Travel.	4	2,949	5	5,000	3	3,171	- 2	- 1,829
Preparation & Shipment of Remains of Deceased Dependent.	-	--	1	3,222	-	--	- 1	- 3,222
Total	20	78,646	24	107,884	18	107,347	- 6	- 537

The net decrease of \$537 results from a decrease of \$6,572 for normal turnover and overseas assignment of American personnel offset in part by an increase of \$6,035 for anticipated increase in the cost of international air fares and shipping.

PRESS AND PUBLICATIONS SERVICE

B. Direct Support to Overseas Missions (1974 Actual, \$2,571,675; 1975 Estimate, \$2,259,075; 1976 Estimate, \$2,308,006; Increase, \$38,933).

1. Printing Services (1974 Actual, \$1,344,456; 1975 Estimate, \$980,921; 1976 Estimate, \$981,736; Increase, \$815).

The Regional Service Centers produce periodicals and pamphlets for use by posts in all areas, and perform reimbursable services for other U.S. government agencies. Printing services provide for paper and supplies, shipping and other printing expenses at the centers.

<u>Regional Service Centers</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
(1). <u>Beirut</u>				
East Asia and Pacific.	\$ 1,577	\$ 1,662	\$ 1,743	\$ 81
Africa	69,019	46,785	49,062	2,277
North Africa, Near East, & South Asia.	120,218	47,603	49,871	2,268
Latin America.	3,490	1,406	1,474	68
West Europe.	90,256	41,877	48,915	7,038
Soviet Union and East Europe	170,631	164,418	172,420	8,002
Sub-Total.	455,191	303,751	323,485	19,734
(2). <u>Manila</u>				
East Asia and Pacific.	699,503	479,131	457,658	- 21,473
North Africa, Near East, & South Asia.	34,475	40,048	41,030	982
Sub-Total.	733,978	519,179	498,688	- 20,491
(3). <u>Mexico City</u>				
Latin America.	152,952	156,363	157,911	1,548
West Europe.	2,335	1,628	1,652	24
Sub-Total.	155,287	157,991	159,563	1,572
Total, Printing Services.	1,344,456	980,921	981,736	\$815

The printing services supplied to the Soviet Union and East Europe by the Beirut Center include \$54,599 in 1975 and 1976 for the Polish edition of Horizons USA, successor to the Polish version of America Illustrated.

The net increase of \$815 provides \$5,000 for printing services at the Regional Service Center for East Berlin and \$24,815 for the anticipated increase in the cost of international shipping. These increases are offset in part by a decrease of \$29,000 for the reduction in the number of copies of the Vietnamese-language edition of Horizons USA printed at the Manila Regional Service Center for Vietnam.

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PRESS AND PUBLICATIONS SERVICE

2. Materials and Equipment for USIS Missions (1974 Actual, \$1,227,219; 1975 Estimate, \$1,278,154; 1976 Estimate, \$1,326,272;
Increase, \$48,118.)

These funds provide for the purchase of paper, other supplies and equipment needed by the USIS posts in their local production of periodicals and pamphlets, for the purchase of other press, photographic and publication materials and for the initial purchase and installation of equipment used at field posts for the daily reception of the Wireless File.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
East Asia and Pacific.	\$ 273,775	\$ 342,624	\$ 347,525	\$ 4,901
Africa	196,011	218,312	220,921	2,609
North Africa, Near East, & South Asia	257,935	275,041	279,002	3,961
Latin America.	208,199	219,538	222,664	3,126
West Europe.	142,107	149,292	181,581	32,289
Soviet Union and East Europe	149,192	73,347	74,579	1,232
Total.	1,227,219	1,278,154	1,326,272	48,118

The net increase of \$48,118 provides \$30,000 for supplies and equipment for the Press and Publications program in East Berlin and \$18,618 for the anticipated increase in the cost of international shipping. These increases are offset in part by a reduction of \$500 for the Press and Publications program in Burundi.

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PRESS AND PUBLICATIONS SERVICE

Recapitulation of Direct Support to USIS Missions by Area

The table below summarizes, by area, costs of printing services and purchases of materials and equipment in direct support of overseas posts. Reimbursable services for other agencies are excluded from figures for geographic areas and included as a separate item.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
East Asia and Pacific.	\$ 575,786	\$ 651,272	\$ 634,781	\$ - 16,491
Africa	265,030	265,097	269,983	4,886
North Africa, Near East, & South Asia.	404,907	361,692	368,903	7,211
Latin America.	306,581	326,505	331,247	4,742
West Europe.	234,698	192,797	232,148	39,351
Soviet Union and East Europe	319,823	237,765	246,999	9,234
Sub-Total, Direct Support of USIS Missions	<u>2,106,825</u>	<u>2,035,128</u>	<u>2,084,061</u>	<u>48,933</u>
Services to Other Agencies	<u>464,850</u>	<u>223,947</u>	<u>223,947</u>	<u>--</u>
Total.	2,571,675	2,259,075	2,308,008	48,933
Deduct Reimbursements.	- 464,850	- 223,947	- 223,947	--
Total, Direct Obligations.	<u>2,106,825</u>	<u>2,035,128</u>	<u>2,084,061</u>	<u>48,933</u>

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MOTION PICTURE AND TELEVISION SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$10,128,685	\$10,274,032	\$11,116,900	\$ 842,868

General Statement

The Motion Picture and Television Service (IMV) produces, contracts for, acquires and adapts films and videotape productions for the overseas information program to help advance and achieve U.S. foreign policy and individual country informational and cultural objectives. Recent programming has featured statements, interviews and panel discussions produced on videotape for USIS, non-broadcast closed circuit TV exposure, and important live events emanating from the U.S. transmitted overseas by satellite. Rapidly changing communications developments overseas make it necessary for us to maintain a high degree of flexibility in selecting program content and the methods by which that program is exposed to foreign audiences. Many of our productions are designed for audiences in individual foreign countries while others are planned for release in several languages to as many as 115 countries and are adapted to both film and videotape presentation in a variety of formats. Through cooperative arrangements with foreign media representatives, additional material consistent with USIA goals is also produced and distributed.

The nation's 200th anniversary affords USIA a unique opportunity for advancing understanding and support for American concepts and principles. IMV is effecting extensive changes in its 1975-76 program plan to exploit the opportunity. Prior to July 4, 1975, U.S.-based foreign correspondents and TV news magazines overseas will be offered a short film showing a variety of Bicentennial projects. We have assembled three of six regional tourism film packages, each containing ten to twelve acquired films. When completed these packages will portray every state in the Union. The availability from commercial and public TV sources of programs highlighting U.S. history and outstanding personalities will be far greater in the months ahead than in any previous period. We expect to acquire many of these for use far beyond our bicentennial year. Many foreign TV broadcasters, mostly from Europe, are also becoming interested in developing programs dealing with common historical ties with the U.S. and other Bicentennial themes. Our assistance program for this activity is also in an expansion stage. The major IMV production effort, begun this fiscal year and continuing through the next, will concentrate on the future, or "horizons", aspects of the Bicentennial. Under the title Century III, a series of half-hour films will focus on the major areas of man's

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MOTION PICTURE AND TELEVISION SERVICE

concern in the next century, examining the programs under way in this country. Emphasis will be on the young leaders of tomorrow who are already well launched into their career goals, working in such critical areas as the oceans, the environment, medicine, urbanology, new space technology, and agriculture. Continued U.S. leadership in these and other critical fields, and the capability of our system for coping with future challenges, will be presented. Another Bicentennial series, incorporating a totally different approach is Reflections. These programs will be one hour, in-depth "portraits" of outstanding living Americans. The subjects themselves will provide the entire commentary with numerous visual inserts. Current and future generations around the world will be able to see and hear them by virtue of this archival effort. We also propose a Salute by Satellite series of TV specials emanating from the U.S. on July 4th, 1976. These programs will be broadcast in a variety of languages, and will highlight foreign contributions to U.S. development. This will not only enable the United States to share its birthday, but will remind the world that we are a nation built by immigrants from every region of the globe. This production will involve extensive filming of ethnic-oriented celebrations in many different parts of the United States on July 4th, 1975 which will be incorporated into the satellite broadcast the following year.

Program areas outside of the Bicentennial will also receive emphasis. The advent of small system, closed-circuit television has enabled IMV to provide officers overseas with a new program tool. U.S. foreign policy and economic experts have been featured in a wide variety of topics during the current year. This will increase, and particularly on the State Department and Congressional levels as leading personalities become more aware of the significant, invited audiences they are reaching abroad through this new medium. Posts around the world reported high interest in public television's coverage of the White House Conference on inflation, which was made available for closed-circuit showing on kinescope and VTR. A number of projects in support of the U.S. export program were initiated by IMV during 1974 and 1975. The most successful was a film produced in cooperation with the Departments of Commerce and State, entitled, TOP...The Electronic Supermarket. The film explains, in dramatic and easily understood visual terms, how the Trade Opportunities Program of the Commerce Department operates. State Department commercial officers are using this as a valuable program tool all over the trading world. Another recently completed export promotion program is Marketplace USA...a commercial service, which supports the Foreign Buyers Program of the DOC. We are seeking additional opportunities of this nature in which Commerce provides the project, USIA provides the audio-visual impact, and State provides the overseas contact, a very workable team effort. More efforts are being made to anticipate future needs so that we can make programs available to the field in advance of major events. Recent examples: a film on new sources of protein being developed in the U.S. which was released just before the Rome food conference; short film biographical sketches on new U.S. ambassadors for TV release prior to their arrivals; videotapes of all types for use in seminars, trade fairs, and conferences, in support of visiting U.S. lecturers.

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IMV has two "staple" programs going to 90 or more countries each month; Science Report and Vision. The former is designed to show U.S. leadership in technology and reaches audiences in 98 countries. Vision covers 5 or 6 stories in each half-hour film showing the variety of contemporary life in this country. It is shown by direct projection by 90 USIS offices each month. Films acquired from outside USIA continue to be highly valued. As noted, this activity will be expanded and dominated in the coming months with Bicentennial programs. Loan film programs on other subjects will continue, as will the classic feature film program. The levels of other activities will be diminished for the Bicentennial period, but significant productions on important subjects will always find a place in IMV output. Film coverage of news events has been eliminated, except for significant Presidential and foreign-oriented policy statements.

Much of our Bicentennial programming will supplant other programming subjects. However, an increase of \$570,000 is requested to fund Salute by Satellite and the acquisition of special programs for Bicentennial programming. In addition, an increase of \$272,868 is requested to cover the full-year costs of the October, 1974 Federal pay raise and wage-board increases and other built-in salary adjustments and cost changes.

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MOTION PICTURE AND TELEVISION SERVICESUMMARY OF REQUIREMENTS

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
I. <u>POSITIONS:</u> Domestic	258	263	263	--	17-5
II. <u>FUNDS:</u>					
A. <u>Employee Compensation and Benefits</u>	\$4,832,614	\$5,266,100	\$5,514,668	\$248,568	17-5
B. <u>Indirect Support of Overseas Programs:</u>					
1. Production & Acquisition	3,203,586	2,930,890	3,505,490	574,600	17-6
2. Technical Plant Operations	356,556	305,530	305,530	--	17-12
3. Miscellaneous Costs & Production Services..	136,386	143,714	145,214	1,500	17-14
Sub-Total, Indirect & World-wide	3,696,528	3,380,134	3,956,234	576,100	
C. <u>Direct Support of Country and Area Programs:</u>					
1. Production and Acquisition	986,698	991,358	1,002,637	11,279	17-15
2. Support of Overseas Local Programs	224,325	289,663	291,913	2,250	17-17
3. Audio-Visual Equipment and Maintenance	435,795	394,052	398,723	4,671	17-18
Sub-Total, Direct Support	1,646,818	1,675,073	1,693,273	18,200	
Total, Funds	10,175,960	10,321,307	11,164,175	842,868	
D. <u>Deduct Reimbursements</u>	-47,275	-47,275	-47,275	--	
Total, Direct Obligations	10,128,685	10,274,032	11,116,900	842,868	
E. <u>Deduct Proposed Pay Act Supplemental</u>	XX	-195,200	XX	XX	
Total, 1975 Enacted Appropriation	XX	10,078,832	XX	XX	

MOTION PICTURE AND TELEVISION SERVICE

A. Employee Compensation and Benefits (1974 Actual, \$4,832,614; 1975 Estimate, \$5,266,100; 1976 Estimate, \$5,514,668; Increase, \$248,568).

This activity provides for the personnel needed to produce, acquire, adapt and distribute films and television materials for exhibition overseas. A summary of positions by organizational unit follows:

<u>Organizational Unit</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Office of the Director	9	9	9	--
International Communications Media Staff	8	8	8	--
Executive Office	16	16	16	--
Office of Planning Manager:				500
Manager's Office	2	2	2	--
Planning and Special Projects Staff	10	10	10	--
Area Staff	11	11	11	--
TV Co-op Staff	3	3	3	--
Sub-Total, Planning	26	26	26	--
Office of Production Manager:				
Manager's Office	4	4	4	--
Special Programs Division	31	32	32	--
General Programs Division	10	11	11	--
Public Affairs Programs Division	13	13	13	--
Sub-Total, Production	58	60	60	--
Office of Operations Manager:				
Manager's Office	2	2	2	--
Washington Facilities Division	54	57	57	--
Laboratory and Special Services Division	21	21	21	--
Sub-Total, Operations	77	80	80	--
External Resources Division	20	20	20	--
New York Branch Office	44	44	44	--
Total	258	263	263	--

MOTION PICTURE AND TELEVISION SERVICE

The costs for these positions are as follows:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Employee Compensation	\$4,464,179	\$4,853,403	\$5,075,838	\$ 222,435
Employee Benefits	<u>368,435</u>	<u>412,697</u>	<u>438,830</u>	<u>26,133</u>
Total	4,832,614	5,266,100	5,514,668	248,568

The increase of \$248,568 is requested to provide \$45,580 for within-grade salary increases; \$20,209 for an additional extra day's pay in 1976; \$90,171 for the full-year costs of the October 13, 1974 Federal pay raise and wage board increases; \$46,460 for the full-year cost of new positions added in 1975; and \$46,148 for restoration of normal employment levels in 1976.

B. Indirect Support of Overseas Programs

1. Production and Acquisition (1974 Actual, \$3,203,586; 1975 Estimate, \$2,930,890; 1976 Estimate, \$3,505,490; Increase, \$574,600).

This activity provides for Agency production and acquisition from private sources of motion picture and television programs for general and targeted audiences. It also provides for adaptation and recording of these programs in certain languages, and preparing prints for review by USIS posts to determine appropriateness for field use. The increase of \$574,600 is requested for bicentennial satellite broadcasts (\$420,000), acquisition of commercial and public television series programs on the U.S. bicentennial celebration (\$150,000) and the anticipated increase in the cost of international air travel and shipping costs (\$4,600).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Film and Television Series	\$1,559,292	\$1,417,000	\$1,418,000	\$ 1,000
b. Film and Television Specials ..	661,670	712,209	1,135,009	422,800
c. News and Special Events	773,817	500,000	500,000	--
d. Acquisitions	208,807	301,681	452,481	150,800
Total	3,203,586	2,930,890	3,505,490	574,600

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- a. Film and Television Series (1974 Actual, \$1,559,292; 1975 Estimate, \$1,417,000; 1976 Estimate, \$1,418,000; Increase, \$1,000).

This activity provides for production, language versions, review prints and shipping of film and television series programs.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
(1) Vision	\$ 685,354	\$ 632,000	\$ 632,000	\$ --
(2) Century III	--	236,000	237,000	1,000
(3) Science Report	169,607	195,000	195,000	--
(4) Reflections	--	30,000	130,000	100,000
(5) Facilitative and Targeted Services	138,801	106,000	106,000	--
(6) Theatrical Series	209,942	155,000	55,000	-100,000
(7) Other Film & Television Series ...	355,588	63,000	63,000	--
Total	1,559,292	1,417,000	1,418,000	1,000

- (1) Vision (1974 Actual, \$685,354; 1975 Estimate, \$632,000; 1976 Estimate, \$632,000; No Change).

Vision is a series of 30-minute filmed television programs distributed regularly in 90 countries describing what is happening in the U.S. today and is designed and developed for regular monthly placement for worldwide audiences. No change is proposed for 1976 from the 1975 budgeted amount.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$629,469	\$576,000	\$576,000	\$ --
Language Versions	54,025	54,000	54,000	--
Prints and Shipping	1,860	2,000	2,000	--
Total	685,354	632,000	632,000	--

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MOTION PICTURE AND TELEVISION SERVICE

- (2) Century III (1974 Actual, \$--; 1975 Estimate, \$236,000; 1976 Estimate, \$237,000; Increase, \$1,000).

This is a series of 30-minute color programs produced on film which will explore the challenges facing America and her relationship to the world in America's third century. The increase of \$1,000 is for the anticipated increase in the cost of international shipping.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$ --	\$200,000	\$200,000	\$ --
Language Versions	--	16,000	16,000	--
Prints and Shipping	--	20,000	21,000	1,000
Total	--	236,000	237,000	1,000

- (3) Science Report (1974 Actual, \$169,607; 1975 Estimate, \$195,000; 1976 Estimate, \$195,000; No Change).

This monthly filmed television series is distributed regularly in 98 countries and reports on significant developments in American science and technology. No change is proposed for 1976 from the 1975 budgeted amount.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$121,165	\$145,000	\$145,000	\$ --
Language Versions	47,097	48,000	48,000	--
Prints and Shipping	1,345	2,000	2,000	--
Total	169,607	195,000	195,000	--

MOTION PICTURE AND TELEVISION SERVICE

(4) Reflections (1974 Actual, \$ --; 1975 Estimate, \$30,000; 1976 Estimate, \$130,000; Increase, \$100,000).

This series of filmed programs, each an hour in length, takes an in-depth look at international figures now residing in the United States. The first program is planned for 1975 with additional programs planned for 1976 in support of the nation's Bicentennial year. The increase of \$100,000 is for production, version and print costs for three additional programs in 1976.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$ --	\$ 30,000	\$120,000	\$ 90,000
Language Versions	--	--	5,000	5,000
Prints and Shipping	--	--	5,000	5,000
Total	--	30,000	130,000	100,000

(5) Facilitative and Targeted Services (1974 Actual, \$138,801; 1975 Estimate, \$106,000; 1976 Estimate, \$106,000; No Change).

This service consists of two program elements. Special Facilitative Co-ops are a series of six programs of 8 to 10 minutes each offered to U.S.-based foreign TV correspondents. It treats important topics in a form which can readily be used in the correspondents' own film reports from this country. The Targeted Television Series presents 2 to 4 short correspondent reports on U.S. developments in each monthly program. No change is proposed for 1976 from the 1975 budgeted amount for these programs.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$137,707	\$105,000	\$105,000	\$ --
Prints and Shipping	1,094	1,000	1,000	--
Total	138,801	106,000	106,000	--

MOTION PICTURE AND TELEVISION SERVICE

(6) Theatrical Series (1974 Actual, \$209,942; 1975 Estimate, \$155,000; 1976 Estimate, \$55,000; Decrease, \$-100,000).

This filmed series of 35mm programs for theatrical placement is made-up of a combination of original productions and blow-ups to 35mm of previously produced TV productions. The content concentrates on cultural and economic subjects. The decrease of \$100,000 reflects the conclusion of the Profile series in 1975.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$202,884	\$135,000	\$ 45,000	\$ -90,000
Language Versions	2,487	10,000	5,000	-5,000
Prints and Shipping	4,571	10,000	5,000	-5,000
Total	209,942	155,000	?	55,000
				-100,000

(7) Other Film and Television Series (1974 Actual, \$355,588; 1975 Estimate, \$63,000; 1976 Estimate, \$63,000; No Change).

These film and television series programs included the series Ahora and Now, both concluded in 1974. The series Future in Your Hands, tailored for the North Africa, Near East and South Asia area will continue with four programs planned for both 1975 and 1976.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Ahora	\$210,834	\$ --	\$ --	\$ --
Future in Your Hands	54,507	60,000	60,000	--
Now	59,090	--	--	--
Prints and Shipping	31,157	3,000	3,000	--
Total	355,588	63,000	63,000	--

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- b. Film and Television Specials (1974 Actual, \$661,670; 1975 Estimate, \$712,209; 1976 Estimate, \$1,135,009; Increase, \$422,800).

This activity provides funds for the production, certain language versions, review prints and shipping of film and videotape specials for programming to mass audiences via theatres and television placement, and to certain small private groups via closed circuit videotape programs and direct projection. These programs will further priority Agency world-wide themes, such as export promotion, tourism, the Bicentennial, foreign investment in the U.S. and U.S. foreign policy. In addition, they will provide visual support to Agency objectives in specific areas of the world. The increase of \$422,800 is planned for satellite television transmission of a series of 1 hour programs of American bicentennial celebrations (\$420,000), and for the anticipated increase in the cost of international air travel and shipping (\$2,800).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Production	\$552,486	\$618,209	\$1,039,409	\$ 421,200
Language Versions	24,787	25,000	25,000	--
Prints and Shipping	84,397	69,000	70,600	1,600
Total	661,670	712,209	1,135,009	422,800

- c. News and Special Events (1974 Actual, \$773,817; 1975 Estimate, \$500,000; 1976 Estimate, \$500,000; No Change).

This activity provides for film and videotape coverage of public affairs special events that are important to our relations with other countries. No change is proposed for 1976 from the 1975 budgeted amount.

MOTION PICTURE AND TELEVISION SERVICE

d. Acquisitions (1974 Actual, \$208,807; 1975 Estimate, \$301,681; 1976 Estimate, \$452,481; Increase \$150,800).

This activity provides for acquisition from private sources, adaptation, and distribution of motion picture and television programs of significance to Agency objectives for use in several or all geographic areas. The increase of \$150,800 will provide for acquisition and distribution of a series of bicentennial programs produced by U.S. commercial and public television networks (\$150,000), and for the anticipated increase in the cost of international shipping (\$800).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Acquisition Rights and Adaptations	\$ 92,189	\$125,000	\$225,000	\$ 100,000
Language Versions	60,662	50,000	70,000	20,000
Prints and Shipping	54,956	126,681	157,681	30,800
Total	208,807	301,681	452,481	150,800

2. Technical Plant Operations (1974 Actual, \$356,556; 1975 Estimate, \$305,530; 1976 Estimate, \$305,530; No Change).

This activity covers the cost of modifications to the television studios and related facilities, technical equipment purchase and replacement, maintenance supplies and services, and scenic services. No change is proposed for 1976 from the 1975 budgeted amount.

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Washington Plant Modification..	\$ 2,545	\$ 3,000	\$ 3,000	\$ --
b. Technical Equipment	240,965	150,000	150,000	--
c. Maintenance Supplies & Services	102,904	142,530	142,530	--
d. Scenic Services	10,142	10,000	10,000	--
Total	356,556	305,530	305,530	--

MOTION PICTURE AND TELEVISION SERVICE

- a. Washington Plant Modification (1974 Actual, \$2,545; 1975 Estimate, \$3,000; 1976 Estimate, \$3,000; No Change).

This activity provides for minor construction and space alteration required in updating the physical plant.

- b. Technical Equipment (1974 Actual, \$240,965; 1975 Estimate, \$150,000; 1976 Estimate, \$150,000; No Change).

This activity provides for the updating and replacement of technical equipment. Major equipment purchases in 1974 included two electronic editing systems, 17 amplex $\frac{1}{2}$ " recorders, 11 color monitors, 7 color receivers, test and video terminal equipment. In 1975 and 1976 the Motion Picture and Television Service will purchase an audio console, a routing switcher, multi-track audio recorder, reproducer and associated equipment, a portable camera and a two-inch quadruplex videotape recorder.

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- c. Maintenance Supplies and Services (1974 Actual, \$102,904; 1975 Estimate, \$142,530; 1976 Estimate, \$142,530; No Change).

This activity covers cost of maintenance and repair of technical equipment, purchases of spare and replacement parts, and rental of land lines for television transmission.

- d. Scenic Services (1974 Actual, \$10,142; 1975 Estimate, \$10,000; 1976 Estimate, \$10,000; No Change).

This activity provides for properties, scenic and graphic supplies and services to support studio production.

MOTION PICTURE AND TELEVISION SERVICE

3. Miscellaneous Costs and Production Services (1974 Actual, \$136,386; 1975 Estimate, \$143,714; 1976 Estimate, \$145,214; Increase, \$1,500).

This activity covers cost of travel not related to specific production, production services, and general supplies and program support.

- a. General Travel (1974 Actual, \$19,643; 1975 Estimate, \$24,700; 1976 Estimate, \$25,900; Increase, \$1,200).

The 1976 estimate provides for program direction travel by the principal officers of the Motion Picture and Television Service consisting of 16 trips to various locations in the United States (\$4,000) and eight overseas trips (\$16,000); for operations and maintenance staff travel consisting of 10 domestic trips (\$2,500); and 20 administrative staff trips within the United States (\$3,400). The increase of \$1,200 is for the anticipated increase in the cost of international air travel.

- b. Production Services (1974 Actual, \$38,248; 1975 Estimate, \$34,914; 1976 Estimate, \$34,914; No Change).

The 1976 estimate provides \$10,000 for program supplies; \$12,914 for film editing, laboratory services and supplies; \$4,000 for music services; \$7,000 for equipment and maintenance; and \$1,000 for screening services.

- c. General Supplies and Program Support (1974 Actual, \$78,495; 1975 Estimate, \$84,100; 1976 Estimate, \$84,400; Increase, \$300).

The 1976 estimate provides \$36,160 for general supplies and miscellaneous services; \$36,000 for computer services, film selection, graphics and program cataloging; \$7,000 for printing and reproduction; and \$5,300 for shipping. The increase of \$300 is for the anticipated increase in the cost of international shipping.

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MOTION PICTURE AND TELEVISION SERVICE

C. Direct Support of Country and Area Programs

<u>Summary by Area:</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
East Asia and Pacific	\$ 408,399	\$ 359,114	\$ 362,734	\$ 3,620
Africa	236,341	262,449	264,154	1,705
North Africa, Near East & South Asia ..	194,681	226,936	229,416	2,480
Latin America	568,037	551,466	556,821	5,355
West Europe	160,105	205,279	209,504	4,225
Soviet Union and East Europe	79,255	69,829	70,644	815
Total, Direct Support	1,646,818	1,675,073	1,693,273	18,200

1. Production and Acquisition (1974 Actual, \$986,698; 1975 Estimate, \$991,358; 1976 Estimate, \$1,002,637;
Increase, \$11,279).

This activity provides funds for Agency production, and acquisition from private sources, of motion pictures and television programs designed to meet policy objectives in a particular country or area. It also provides for costs of recording these and indirect programs in the appropriate languages, and costs for release prints for distribution overseas through theatrical, non-theatrical, and television channels. The increase of \$11,279 is for the anticipated increase in the cost of international air travel and shipping (\$10,079), and acquisition of prints for East Berlin (\$2,000); offset in part by a decrease in print requirements for Burundi (-\$800).
The major categories and elements of cost are as follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Production and Acquisition	\$305,063	\$197,150	\$ 198,150	\$ 1,000
b. Language Versions	51,915	44,930	44,930	--
c. Prints and Shipping	629,720	749,278	759,557	10,279
Total	986,698	991,358	1,002,637	11,279

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MOTION PICTURE AND TELEVISION SERVICE

Distribution of Costs by Area:

- (1) East Asia and Pacific (1974 Actual, \$296,455; 1975 Estimate, \$249,692; 1976 Estimate, \$252,281; Increase, \$2,589).

The 1976 estimate includes the 15-to-30-minute 13-program Indonesian Report from America television series (\$78,300); miscellaneous one-country production costs (\$2,500); language versions (\$14,000); and prints and shipping (\$157,481) of motion picture and television programs. The increase of \$2,589 is for the anticipated increase in the cost of international air travel and shipping.

- (2) Africa (1974 Actual, \$134,922; 1975 Estimate, \$165,086; 1976 Estimate, \$165,776; Increase, \$690).

The 1976 estimate includes miscellaneous one-country production costs (\$885); language versions (\$1,700); and prints and shipping (\$163,191) of motion picture and television programs. The net increase of \$690 is for the anticipated increase in the cost of international shipping (\$1,490); offset in part by a decrease in print requirements for Burundi (-\$800).

- (3) North Africa, Near East, and South Asia (1974 Actual, \$102,690; 1975 Estimate, \$128,624; 1976 Estimate, \$130,024; Increase, \$1,400).

The 1976 estimate will provide facilitative assistance to Israel (\$1,350); miscellaneous one-country production costs (\$375); language versions (\$5,100); and prints and shipping (\$123,199) of motion picture and television programs. The increase of \$1,400 is for the anticipated increase in the cost of international air travel and shipping.

- (4) Latin America (1974 Actual, \$328,410; 1975 Estimate, \$321,424; 1976 Estimate, \$324,624; Increase, \$3,200).

The 1976 estimate includes 12 programs in the television series Realidades (\$104,800); facilitative assistance to Mexico (\$1,400); miscellaneous one-country production costs (\$4,195); language versions (\$20,400); and prints and shipping (\$193,829) of motion picture and television programs. The increase of \$3,200 is for the anticipated increase in international air travel and shipping.

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- (5) West Europe (1974 Actual, \$87,791; 1975 Estimate, \$97,815; 1976 Estimate, \$100,915; Increase, \$3,100).

The 1976 estimate includes facilitative assistance to Spain (\$1,500); miscellaneous one-country production costs (\$1,645); language versions (\$2,730); and prints and shipping (\$95,040) of motion picture and television programs. The increase of \$3,100 is for prints and videotape recordings for East Berlin (\$2,000) and the anticipated increase for international air travel and shipping costs (\$1,100).

- (6) Soviet Union and East Europe (1974 Actual, \$36,430; 1975 Estimate, \$28,717; 1976 Estimate, \$29,017; Increase, \$300).

The 1976 estimate will provide facilitative assistance to Yugoslavia (\$1,200); language versions (\$1,000); and prints and shipping (\$26,817) of motion picture and television programs. The increase of \$300 is for the anticipated increase in international shipping costs.

2. Support of Overseas Local Programs (1974 Actual, \$224,325; 1975 Estimate, \$289,663; 1976 Estimate, \$291,913; Increase, \$2,250).

This activity provides funds for the support of overseas local productions by USIS posts as described in the Missions portion of this budget. It provides for the purchase of production materials, supplies, and rawstock. The increase of \$2,250 is for the anticipated increase in international shipping costs.

Distribution of Costs by Area:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
East Asia and Pacific	\$ 53,448	\$ 56,044	\$ 56,444	\$ 400
Africa	22,803	32,201	32,456	255
North Africa, Near East, & South Asia..	25,277	31,165	31,427	262
Latin America	94,413	116,525	117,340	815
West Europe	24,333	42,279	42,652	373
Soviet Union and East Europe	4,051	11,449	11,594	145
Total	224,325	289,663	291,913	2,250

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3. Audio-Visual Equipment and Maintenance (1974 Actual, \$435,795; 1975 Estimate, \$394,052; 1976 Estimate, \$398,723; Increase, \$4,671).

- a. Purchase of Projectors (1974 Actual, \$105,776; 1975 Estimate, \$44,160; 1976 Estimate, \$44,560; Increase, \$400).

The 1976 estimate is based on a unit cost of \$557 for a standard 16mm portable projector. The increase of \$400 is for the anticipated increase in the cost of international shipping.

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)
	Units	Amount	Units	Amount	Units	Amount	
East Asia and Pacific	3	\$ 1,581	10	\$ 5,520	10	\$ 5,570	\$ 50
Africa	36	18,972	25	13,800	25	13,925	125
North Africa, Near East, & S. Asia	30	19,428	20	11,040	20	11,140	100
Latin America	42	40,657	15	8,280	15	8,355	75
West Europe	12	5,270	5	2,760	5	2,785	25
Soviet Union and East Europe	31	19,868	5	2,760	5	2,785	25
Total	154	105,776	80	44,160	80	44,560	400

Projector Operating Inventory at Close of Fiscal Year

	1974 Actual	1975 and 1976 Estimate
East Asia and Pacific	636	636
Africa	375	375
North Africa, Near East, & S. Asia	502	502
Latin America	876	876
West Europe	307	307
Soviet Union and East Europe	90	90
Total	2,786	2,786

MOTION PICTURE AND TELEVISION SERVICE

- b. Audio-Visual Maintenance and Auxiliary Equipment (1974 Actual, \$121,334; 1975 Estimate, \$166,238; 1976 Estimate, \$168,491; Increase, \$2,253).

This activity provides for purchase and shipping of projector parts, maintenance supplies, motion picture screens and auxiliary equipment. The increase of \$2,253 is for the anticipated increase in international shipping costs. The distribution by area follows:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
East Asia and Pacific	\$ 25,188	\$ 30,534	\$ 30,919	\$ 385
Africa	13,354	18,888	19,177	289
North Africa, Near East, & S. Asia..	21,956	20,381	20,705	324
Latin America	47,153	49,793	50,450	657
West Europe	10,516	35,507	35,932	425
Soviet Union and East Europe	3,167	11,135	11,308	173
Total	121,334	166,238	168,491	2,253

- c. Videotape Equipment Purchase (1974 Actual, \$208,685; 1975 Estimate, \$183,654; 1976 Estimate, \$185,672; Increase, \$2,018).

This activity provides for the purchase and shipping of $\frac{1}{2}$ inch videotape equipment to be used for TV operations in USIS installations. This technique was initiated during FY-1973 and is being closely monitored. The increase of \$2,018 is for the anticipated increase in international shipping costs. The distribution by area follows:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
East Asia and Pacific	\$ 31,727	\$ 17,324	\$ 17,520	\$ 196
Africa	46,290	32,474	32,820	346
North Africa, Near East, & S. Asia..	25,330	35,726	36,120	394
Latin America	57,404	55,444	56,052	608
West Europe	32,195	26,918	27,220	302
Soviet Union and East Europe	15,739	15,768	15,940	172
Total	208,685	183,654	185,672	2,018

INFORMATION CENTER SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$9,176,408	\$9,092,712	\$10,565,000	\$1,472,288

General Statement

The Information Center Service provides a wide range of services and materials to USIS posts to assist them in presenting an accurate and balanced view of the United States. It provides books, periodicals, and other publications for use in 128 information centers, 24 reading rooms, and 112 binational centers; provides loan collections of books for placement with foreign schools, universities, and other institutions; supplies materials, including books donated by the American publishing industry, for presentation to key institutions and individuals; supports the publication of books translated into local languages; encourages the distribution and sale of American books abroad through regular commercial channels; and promotes the teaching of English. The Service also develops multimedia programs on important Agency themes that support and explain U.S. foreign policy and the significant aspects of American society, promote the sale of American products abroad, and encourage tourist travel to the United States. It also provides the posts with speakers, and works with the Motion Picture and Television Service to produce videotapes of specially recorded interviews or lectures, for use in overseas programming.

The increase of \$1,472,288 is requested to provide \$375,488 for built-in salary and cost increases; \$48,750 for information/cultural support to the new American consulate proposed for Kiev; \$45,750 for the new information center in East Berlin; \$30,000 for support to a new center to be opened in Alexandria, Arab Republic of Egypt, in 1976; \$20,000 for expansion of the reference collection at USIS Abu Dhabi, United Arab Emirates, and \$1,000,000 for five programs supporting the observance of the American Revolution Bicentennial.

These increases are offset in part by non-recurring costs connected with a reduction in support for Furukawa and the closing of three centers in Vietnam, \$23,400, establishing a library in the American consulate in Bratislava, \$14,100, and improving the Book Appraisal files, \$10,000.

INFORMATION CENTER SERVICESummary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
I. POSITIONS:					
Domestic	199	204	204	-	18-4
Overseas Americans	16	15	15	--	18-5
Local Employees	10	10	10	--	18-5
Total Positions	<u>225</u>	<u>229</u>	<u>229</u>	<u>--</u>	
II. FUNDS:					
A. <u>Employee Compensation and Benefits</u>	\$3,975,384	\$4,208,150	\$4,413,131	\$204,981	18-4
B. <u>Indirect Support & World-Wide Programs:</u>					
1. Book Program Services	91,724	114,979	171,065	57,086	18-7
2. Centers Program Services	55,246	45,322	145,322	70,000	18-7
3. English Teaching Program Services	38,735	11,559	11,857	298	18-7
4. Central Services	14,115	54,091	44,091	-10,000	18-8
5. Program Development	791,370	1,021,164	1,174,009	752,840	18-8
6. Travel	77,244	72,021	86,412	14,591	18-9
7. Shipping	14,059	17,321	17,321	--	18-9
8. Regional Service Support Programs	128,015	178,214	154,474	27,198	18-10
9. Home Leave and Transfer Costs	32,415	32,394	32,185	1,705	18-11
Sub-total	<u>1,374,673</u>	<u>1,721,078</u>	<u>2,531,874</u>	<u>912,808</u>	

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INFORMATION CENTER SERVICE

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)	Page Ref.
C. Direct Support of Country or Area Programs:					
1. Information Centers	\$2,076,152	\$1,829,648	\$1,955,438	\$ 125,790	18-13
2. Book Programs	934,276	775,561	865,121	89,560	18-15
3. Exhibits	210,196	185,262	188,423	3,161	18-18
4. English Teaching	258,936	228,134	230,555	2,421	18-18
5. Binational Centers	226,266	199,284	200,792	1,508	18-18
6. Presentations	142,732	176,630	177,664	1,034	18-20
Sub-total, Direct Support	3,848,558	3,394,519	3,617,993	223,474	
Total, Gross Obligations	9,198,615	9,223,737	10,565,000	1,341,263	
D. Deduct Reimbursements	-22,207	-131,025	--	131,025	
Total, Direct Obligations	9,176,408	9,092,712	10,565,000	1,472,288	
E. Deduct Proposed Pay Act Supplemental	xxx	-149,100	xxx	xxx	
Total, 1975 Enacted Appropriation	xxx	8,943,612	xxx	xxx	

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INFORMATION CENTER SERVICE

Explanation of Items

- A. Employee Compensation and Benefits (1974 Actual, \$3,975,384; 1975 Estimate, \$4,208,150; 1976 Estimate, \$4,413,131; Increase, \$204,981).

The staff of the Information Center Service provides USIS posts with professional guidance and logistic services required for effective operation of information centers, binational centers, and other overseas programs such as English teaching, exhibits, presentations, and book publication.

Overseas, the book officers operate regional book translation, publication, and distribution programs, and the librarians provide professional guidance to USIS and binational center libraries. The regional English teaching officers conduct seminars and workshops, and provide assistance to USIS and other U.S. English teaching programs.

In 1975 there is a net increase of five domestic positions, and a decrease of one overseas American position. No further changes are planned for 1976. Total positions are distributed as follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
1. Domestic Staff:				
Office of the Assistant Director	11	10	10	--
Executive Office	17	15	15	--
Procurement and Logistics Staff	46	46	46	--
Bibliographic Division	23	20	20	--
Publications Division	24	23	23	--
Cultural and Centers Coordination Division	17	17	17	--
English Teaching Staff	17	17	17	--
Exhibits Division	15	15	15	--
Overseas Speakers Division	7	6	6	--
Program Development Division	22	35	35	--
Total, Domestic Staff	199	204	204	--

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INFORMATION CENTER SERVICEExplanation of Items

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
2. Overseas Americans:				
Regional Book Offices:				
Bogota	1	--	--	--
Buenos Aires	1	--	--	--
Mexico City	1	1	1	--
Santiago	--	1	1	--
Regional Librarians:				
Abidjan	1	1	1	--
Athens	1	1	1	--
Bangkok	1	1	1	--
Beirut	1	1	1	--
Caracas	1	1	1	--
Lagos	1	1	1	--
Lima	1	1	1	--
London	1	1	1	--
Nairobi	1	1	1	--
Panama	1	1	1	--
Taipei	1	1	1	--
Regional English Teaching Officers:				
Bogota	1	1	1	--
Rabat	1	1	1	--
Total, Overseas Americans	16	15	15	--
3. Local Employees:				
Regional Book Offices:				
Santiago	--	1	1	--
Buenos Aires	5	4	4	--
Mexico City	5	5	5	--
Total, Local Employees	10	10	10	--
Total Positions	225	229	229	--

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INFORMATION CENTER SERVICE

Explanation of Items

Funds for these positions and changes in 1976 requirements are as follows:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
1. Domestic	\$ 3,507,150	\$ 3,680,249	\$ 3,854,435	\$ 174,186
2. Overseas Americans	382,395	436,053	440,649	4,596
3. Local Employees	85,839	91,848	118,047	26,199
Total	<u>3,975,384</u>	<u>4,208,150</u>	<u>4,413,131</u>	<u>204,981</u>

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1. The increase of \$174,186 for domestic staff provides \$33,910 for within-grade salary increases, \$15,537 for an extra day's pay in 1976, \$67,985 for the full year costs of the Federal pay raise and wage board rate increases in 1975, \$34,810 for restoration of normal employment levels, and \$21,944 for the full year costs of five net positions added in 1975.
 2. The net increase of \$4,596 for overseas Americans provides \$3,813 for within-grade salary increases, \$1,484 for an extra day's pay in 1976, \$4,901 for the full year costs of the Federal pay raise in 1975, and \$6,988 for overseas allowance increases anticipated in 1976; partially offset by \$14,590 for the full year savings of a reduction of one position in 1975.
 3. The net increase of \$26,199 for local employees provides \$1,991 for within-grade salary increases, \$995 for the full year effect of promotions granted in 1975, \$746 for an extra day's pay in 1976, \$26,001 for wage-scale increases, consisting of \$12,081 for the full-year costs of increases effective for part of 1975 and \$13,920 for increases anticipated in 1976; partially offset by \$3,534 for the full-year savings resulting from one position reprogrammed in 1975.

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- B. Indirect Support and World-Wide Programs (1974 Actual, \$1,374,673; 1975 Estimate, \$1,621,068; 1976 Estimate, \$2,533,876; Increase, \$912,808).

1. Book Program Services (1974 Actual, \$91,724; 1975 Estimate, \$114,479; 1976 Estimate, \$171,065; Increase, \$56,086).

This activity supports the book publishing and promotion activities of the Agency overseas. Included are book exhibits which promote the sale and other use of American books overseas, procurement of miscellaneous rights, and the preparation of simplified or condensed manuscripts of American books with high program content so they can be read by persons with limited knowledge of the English language.

In 1975 the estimate provides \$73,652 for book exhibit costs; \$10,822 for miscellaneous rights; \$5,805 for review copies of books; \$16,500 for simplified English manuscripts; and \$8,200 for adaptations of serious American books.

The increase of \$56,086 in 1976 is requested to provide \$55,000 for staging a special Bicentennial exhibit on the written word in American history at major international book fairs such as Frankfurt and Warsaw, and \$1,086 for anticipated increases in the cost of international shipping.

2. Centers Program Services (1974 Actual, \$95,246; 1975 Estimate, \$95,322; 1976 Estimate, \$165,322; Increase, \$70,000).

This activity represents all indirect support costs related to servicing of centers overseas. In 1975 the estimate provides \$6,000 for materials support to regional librarians overseas; \$77,822 for a grant to a non-profit organization which supplies professional reviews of books in specialized fields, condensations of books, and special bibliographies and book lists; and \$11,500 in support of the Government Advisory Committee on International Book and Library Programs.

The increase of \$70,000 in 1976 is requested for three regional Bicentennial American Studies Seminars. These regional meetings will lead to a major international conference sponsored by a consortium of American professional organizations, Department of State, and the Smithsonian Institution in Washington, to be followed by single country workshops overseas and other follow-up activities.

3. English Teaching Program Services (1974 Actual, \$38,735; 1975 Estimate, \$11,559; 1976 Estimate, \$11,857; Increase \$398).

This activity provides for overseas English Teaching workshops, and for the production of teaching and teacher-training materials such as manuals, film strips, and recordings for overseas English teaching programs. The

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increase of \$298 is requested for anticipated increases in international air fares.

4. Central Services (1974 Actual, \$94,615; 1975 Estimate, \$54,091; 1976 Estimate, \$44,091; Decrease, -\$10,000).

This activity covers general support costs, such as printing, miscellaneous services, supplies, and reference materials for use by the staff. The reduction of \$10,000 results from non-recurring costs connected with winnowing and microfilming the Book Appraisal files.

5. Program Development (1974 Actual, \$791,370; 1975 Estimate, \$1,041,169; 1976 Estimate, \$1,794,009; Increase, \$752,840).

The Information Center Service--with the support and cooperation of other Agency elements, the State Department Bureau of Educational and Cultural Affairs, and other public and private institutions--develops a combination of media components to complement and reinforce the personal communication of USIS officers and other Americans with foreign leaders and opinion molders. Seminars and lectures, in conjunction with the use of multimedia elements, cover a variety of subjects.

Agency program development is focusing especially on interest abroad in the Bicentennial and opportunities for significant communications activities marking the 200th anniversary. These will deal with internationally relevant aspects of the American experience, past and present, with a look toward the future.

An increase of \$875,000 is requested in 1976 for three programs in support of the American Revolution Bicentennial observances. One program, requiring \$45,000 of the requested increase, is the Bicentennial Partnerships Project which began in 1973. A focal point for Bicentennial activities of U.S. missions abroad, the Partnerships promote activities conducted by foreign organizations which contribute to improved understanding between America and other societies. The Partnerships encompass annual or periodic lectures, seminars, and other events including ongoing interchanges in fields of mutual interest. The project can be expected to take place in some 50 countries abroad under local sponsorship. In 1975 arrangements are being made for between 10 and 20 projects to be selected for support from among some 50 proposals. A similar number of proposals and projects are expected for 1976. The first year's experience of the Partnerships Project indicates that foreign governmental and private organizations are interested in making a contribution to the Bicentennial and joining in sponsorship of the cooperative projects. The Bicentennial Partnerships, thus, serve to renew and refresh commitments to constructive dialogue.

The second program, for which \$50,000 is requested, is the presentation in Europe of a major multimedia exhibit, The Age of Franklin and Jefferson, developed by Charles Eames for the American Revolution Bicentennial Administration. The exhibit will be shown in this country by the A.R.B.A. in 1976. The Agency is cooperating in the showing of the exhibit in Paris from January to March 1975, and in the scheduled showings in Warsaw and

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London. The requested funds will cover the final overseas presentation costs of the exhibit.

The third project, which would cost \$180,000, covers the production of five copies of the Agency's major Bicentennial exhibition on the American people--1776-1976. The design and development of the original exhibit will be funded from the Agency's Special International Exhibition appropriation for use in the USSR and in Eastern Europe. In 1976, the Agency proposes to produce five additional copies of this show for worldwide distribution. Funds will be required for fabrication, packing, and shipping. As the centerpiece for overseas cultural programming for the Bicentennial, the exhibit will depict the evolution and values of the American people, society and culture.

In addition to \$875,000 for Bicentennial programs, the 1976 request includes \$8,865 for anticipated increases in international air fares and shipping. The total increase of \$883,865 is partially offset by non-recurring costs of \$131,025 for work performed in 1975 for other Government agencies.

6. Travel (1974 Actual, \$77,244; 1975 Estimate, \$72,021; 1976 Estimate, \$86,612; Increase, \$14,591).

These funds provide for the following types of travel: (1) program direction and administrative travel, domestic and overseas; (2) overseas travel of regional librarians servicing the field from Washington; (3) overseas travel of English teaching officers to conduct seminars and consult with the posts; (4) domestic travel of consultants on the English teaching programs; and (5) Agency's share of travel by the Government Advisory Committee on International Book and Library Programs.

The increase of \$14,591 is requested to provide \$2,591 for anticipated increases in international air fares and \$12,000 for restoration of normal travel levels.

7. Shipping (1974 Actual, \$24,059; 1975 Estimate, \$17,321; 1976 Estimate, \$17,321; No Change).

These funds provide primarily for the cost of domestic shipment of world-wide program items. No change is proposed for 1976 from the 1975 budgeted amount.

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8. Regional Service Support Programs (1974 Actual, \$128,065; 1975 Estimate, \$178,216; 1976 Estimate, \$205,414;
Increase, \$27,198.

This activity provides for all operating expenses connected with the Regional Book Offices, Librarians, and English Teaching Officers. Included are costs for local and regional travel, residential and office space, furniture, supplies, and equipment.

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Regional Book Offices:				
Buenos Aires	\$ 24,485	\$ 28,545	\$ 32,942	\$ 4,297
Mexico City	5,447	7,942	9,242	1,300
Santiago	--	4,500	5,184	684
b. Regional Librarians:				
Abidjan	17,617	16,976	20,223	3,247
Athens	5,732	6,592	7,357	765
Bangkok	1,326	8,109	9,489	1,380
Beirut	6,752	8,165	9,164	999
Caracas	--	6,400	7,100	700
Lagos	7,654	7,673	8,851	1,178
Lima	2,542	4,755	2,259	504
London	14,080	14,404	16,058	1,654
Nairobi	14,358	14,961	17,683	2,722
Panama	1,808	7,267	8,159	892
Taipei	14,307	16,204	18,974	2,770
c. Regional English Teaching Officers:				
Bogota	--	13,000	15,471	2,471
Rabat	11,557	12,623	14,258	1,635
Total, Regional Service Support..	\$128,065	178,216	205,414	27,198

The increase of \$27,198 requested in 1976 results from anticipated increases in the cost of travel (\$11,411), rents (\$9,133), and supplies and services (\$6,654).

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9. Home Leave and Transfer Costs (1974 Actual, \$33,615; 1975 Estimate, \$36,390; 1976 Estimate, \$38,185; Increase, \$1,795).

These funds provide for travel and transportation costs related to the assignment of American personnel to the Regional Book Offices and to the Regional Librarian and English Teaching positions. The following schedule shows the number of trips and the amounts required.

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Trips	Amounts	Trips	Amounts	Trips	Amounts	Trips	Amounts
Appointment Trips	2	\$11,187	2	\$ 4,415	1	\$ 900	-1	\$-3,515
Separation Trips	1	5,418	1	3,620	—	—	-1	-3,640
Home Leave and Return	2	3,902	1	4,560	3	13,935	2	9,375
Home Leave and Transfer	1	5,055	2	15,100	2	15,430	—	330
Direct Transfer	2	8,053	2	8,675	2	7,920	—	-755
Total	8	33,615	8	36,390	8	38,185	—	1,795

The net increase of \$1,795 is requested to provide \$530 for anticipated increases in international air fares and \$9,290 for two additional home leave and return trips; partially offset by a decrease of \$3,535 for one less appointment trip, \$3,640 for one less separation trip, and \$850 for a reduction in direct transfer costs.

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C. Direct Support of Country and Area Programs

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Summary by Area</u>				
East Asia and Pacific	\$ 593,172	\$ 617,530	\$ 602,504	-15,026
Africa	670,768	559,359	582,847	23,488
North Africa, Near East, and South Asia	605,085	473,084	530,061	56,977
Latin America	1,074,906	901,201	970,369	69,168
West Europe	595,167	483,750	534,783	51,033
Soviet Union and East Europe	<u>309,460</u>	<u>359,595</u>	<u>397,429</u>	<u>37,834</u>
Total, Gross Obligations	<u>3,848,558</u>	<u>3,394,519</u>	<u>3,617,993</u>	<u>223,474</u>
<u>Summary by Activity</u>				
1. Information Center Support	2,076,152	1,829,648	1,955,438	125,790
2. Book Programs	934,276	775,561	865,121	89,560
3. Exhibits Support	210,196	185,262	188,423	3,161
4. English Teaching Program	258,936	228,134	230,555	2,421
5. Binational Center Support	226,266	199,284	200,792	1,508
6. Presentations Program	<u>142,732</u>	<u>176,630</u>	<u>177,664</u>	<u>1,034</u>
Total, Gross Obligations	<u>3,848,558</u>	<u>3,394,519</u>	<u>3,617,993</u>	<u>223,474</u>

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INFORMATION CENTER SERVICE

1. Information Center Support (1974 Actual, \$2,076,152; 1975 Estimate, \$1,829,648; 1976 Estimate, \$1,955,438; Increase, \$125,790).

Information Centers are the focal points for personal contact with foreign nationals in each country. While the Centers are used by virtually all elements of the foreign public, their activities are focused on leaders and potential leaders. Each Center contains a selection of American books, periodicals, and other pertinent informational material covering a wide range of subjects in the cultural, scientific, technical, governmental, and economic fields. Collections are carefully selected to offer representative balanced presentations of responsible and relevant currents of American thought which will promote a better understanding of the aims and achievements of the United States, and will clarify the real differences between free and communist societies. Books in both English and local languages are included. Each Center provides library services and sponsors a variety of educational and cultural activities such as lectures, seminars, concerts, exhibits, film showings, and videotapes of specially recorded interviews and lectures for showing to select audiences and placement on local television.

In 1975, support is provided to 128 USIS-operated centers and 24 reading rooms. In addition to centers and reading rooms, this activity also includes support to libraries in U.S. Embassies in Eastern Europe and to universities, municipal libraries, and other institutions which have agreed to maintain former USIS book collections. In 1976, a new information center will be established in East Berlin, and information/cultural support will be provided for the new American consulate proposed for Kiev. Also, a reading room in Canberra, Australia will be converted to an information center with no change in the level of support.

The net increase of \$125,790 provides \$48,750 for information/cultural support to the new American consulate proposed for Kiev; \$45,750 for the new information center in East Berlin; \$30,000 for support to a new center opening in Alexandria, Arab Republic of Egypt; \$20,000 for expansion of the reference collection at USIS Abu Dhabi, United Arab Emirates; and \$18,990 for anticipated increases in the cost of international shipping; partially offset by reductions of \$23,600 for non-recurring costs connected with the closing of three centers in Vietnam (\$21,100) and reduced support for Burundi (\$2,500), and \$14,100 for non-recurring costs of establishing a library in the American consulate in Bratislava.

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INFORMATION CENTER SERVICE

<u>Number of Information Centers by Area</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Increase or Decrease (-)</u>
East Asia and Pacific	28	24	25	1
Africa	34	33	33	--
North Africa, Near East, and South Asia	22	24	25	1
Latin America	12	13	13	--
West Europe	26	27	27	--
Soviet Union and East Europe	6	7	7	--
Total	128	128	130	2

The following table shows the program in terms of the numbers and cost of items required:

	<u>1974 Actual</u>		<u>1975 Estimate</u>		<u>1976 Estimate</u>		<u>Increase or Decrease (-)</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Books	124,776	\$1,013,341	96,951	\$ 884,198	104,883	\$ 956,522	7,932	\$ 72,324
Magazine Subscriptions	14,314	263,629	12,990	246,812	13,029	248,473	59	1,661
Newspaper Subscriptions	455	51,465	308	48,593	311	48,988	3	395
Government Publications	42,873	81,557	34,224	77,005	34,424	77,455	200	450
Other Publications	46,893	144,218	41,642	136,168	42,187	138,782	545	2,614
Music and Related Items	18,996	64,055	17,909	60,395	18,059	60,755	150	360
Supplies	—	160,482	—	116,099	—	118,161	—	2,062
Library Equipment	—	124,771	—	98,912	—	123,867	—	24,955
Shipping	—	172,634	—	161,466	—	182,435	—	20,969
Total	—	2,076,152	—	1,829,648	—	1,955,438	—	125,790

INFORMATION CENTER SERVICE

2. Book Programs (1974 Actual, \$934,276; 1975 Estimate, \$775,561; 1976 Estimate, \$865,121 Increase, \$89,560).

The Book Programs provide for the publication and overseas distribution of books in English, French, Spanish, Portuguese, and Arabic. These books, portraying important aspects of American life and democratic institutions or revealing the facts about international communism, are sold through normal commercial outlets at prices well below prevailing prices for books of this type, in countries of East Asia and Pacific, Africa, North Africa, Near East and South Asia, and Latin America. Also included under this activity are the shipping costs of donated books.

In 1975, the estimate of \$775,561 provides for publishing 637,500 copies of American books in English and translated editions, and for the distribution costs connected with this program. The English editions, some of which have simplified and condensed texts, will be distributed in the areas of East Asia and Pacific, North Africa, Near East, and South Asia, and Latin America. Spanish and Portuguese editions will be distributed in appropriate countries in Latin America, and the French editions will be distributed in appropriate countries in Africa. Arabic editions are being published and sold commercially in the Arabic-speaking area. Copies of these books are also made available to USIS posts for program use.

The increase of \$89,560 requested in 1976 results from anticipated increases in international air fares (\$2,056), shipping (\$12,941), contractual costs (\$69,146), and supplies and services (\$5,417).

A portion of this activity is funded with excess foreign currencies. The explanation appears on page 10-1 of the "Special Foreign Currency Appropriation" submission.

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INFORMATION CENTER SERVICE

The following table shows the distribution by area and language for each year:

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Ed.	Copies	Amount	Ed.	Copies	Amount	Ed.	Copies	Amount	Ed.	Copies	Amount
EAST ASIA AND PACIFIC												
English	19	177,500	\$ 33,096	17	162,500	\$ 29,296	17	162,500	\$ 29,296	--	--	\$ --
Other Costs	--	--	35,962	--	--	35,962	--	--	37,218	--	--	1,256
Sub-total	19	177,500	69,058	17	162,500	65,258	17	162,500	66,514	--	--	1,256
AFRICA												
French	33	117,000	206,792	23	80,500	145,508	23	80,500	165,879	--	--	20,371
Other Costs	--	--	47,717	--	--	77,764	--	--	79,190	--	--	1,426
Sub-total	33	117,000	254,509	23	80,500	223,272	23	80,500	245,069	--	--	21,797
NORTH AFRICA, NEAR EAST, AND SOUTH ASIA												
English	19	35,500	6,619	17	32,500	5,859	17	32,500	5,859	--	--	--
Arabic	20	60,000	29,600	5	15,000	5,000	5	15,000	5,750	--	--	750
Other Costs	--	--	22,325	--	--	22,325	--	--	23,094	--	--	769
Sub-total	39	95,500	58,544	22	47,500	33,184	22	47,500	34,703	--	--	1,519
LATIN AMERICA												
English	19	142,000	26,477	17	130,000	23,437	17	130,000	23,437	--	--	--
Spanish	42	136,400	132,613	40	147,000	95,000	40	147,000	112,575	--	--	17,575
Portuguese	25	88,000	90,334	20	70,000	65,000	20	70,000	77,025	--	--	12,025
Other Costs	--	--	297,659	--	--	265,328	--	--	300,175	--	--	34,847
Sub-total	86	366,400	547,083	77	347,000	448,765	77	347,000	513,212	--	--	64,447
WEST EUROPE												
Other Costs	--	--	3,616	--	--	3,616	--	--	3,996	--	--	380

INFORMATION CENTER SERVICE

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Ed.	Copies	Amount	Ed.	Copies	Amount	Ed.	Copies	Amount	Ed.	Copies	Amount
<u>SOVIET UNION AND EAST EUROPE</u>												
Other Costs	--	--	\$ 1,466	--	--	\$ 1,466	--	--	\$ 1,627	--	--	\$ 161
<u>ALL AREAS</u>												
English	19	355,000	66,192	17	325,000	58,592	17	325,000	58,592	--	--	--
Translated	120	401,400	459,339	88	312,500	310,508	88	312,500	361,229	--	--	50,721
Other Costs	--	--	408,745	--	--	406,461	--	--	445,300	--	--	38,839
Total	139	756,400	934,276	105	637,500	775,561	105	637,500	865,121	--	--	89,560

INFORMATION CENTER SERVICE

3. Exhibits Support (1974 Actual, \$210,196; 1975 Estimate, \$185,262; 1976 Estimate, \$188,423; Increase, \$3,161).

This activity covers the cost of a wide variety of display items, supplies, and equipment required by USIS posts in carrying on exhibits activities. The increase of \$3,161 is requested to cover anticipated increases in the cost of international shipping.

4. English Teaching Program (1974 Actual, \$258,936; 1975 Estimate, \$228,134; 1976 Estimate, \$230,555; Increase, \$2,421).

The Agency's overseas English teaching program capitalizes on the growing interest of people of other lands in learning English by: (a) supplying English teaching materials developed in the United States which also give accurate information on American life, ideas, and political and economic systems; (b) providing a forum for correcting misconceptions about the people of the United States and furthering understanding of its policies and objectives; (c) supplying necessary specialized training in English to foreign nationals selected for training programs of United States Government agencies; and (d) bringing U.S. oriented methods and materials indirectly to a large audience of students through assistance at seminars for national teachers of English. The increase of \$2,421 is requested for anticipated increases in the cost of international shipping.

5. Binational Center Support (1974 Actual, \$226,266; 1975 Estimate, \$199,284; 1976 Estimate, \$200,792; Increase, \$1,508).

Binational Centers are institutions (jointly sponsored by American residents and nationals of the host countries) operating for the purpose of disseminating information about the United States and the host country, and of fostering cultural exchange and better mutual understanding. They conduct academic and cultural programs, and many emphasize the teaching of English to nationals of the host country. Agency grants are made by USIS for program materials, to help meet local operating expenses, and to finance special projects and programs. Funds included under this activity provide American books and other publications, and supplies and equipment not available locally. Funds for local material and cash grants to the centers are contained in the USIS Missions section of the budget.

In 1975, the estimate of \$199,284 will provide program support for 112 centers in four areas. The increase in 1976 of \$1,508 is requested for anticipated increases in the cost of international shipping.

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INFORMATION CENTER SERVICE

<u>Number of Binational Centers by Area</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Increase or Decrease (-)</u>
East Asia and Pacific	8	12	12	--
North Africa, Near East, and South Asia	6	7	7	--
Latin America	82	81	81	--
West Europe	<u>12</u>	<u>12</u>	<u>12</u>	--
Total	108	112	112	--

The following table shows the program in terms of the numbers and cost of items required:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Books	13,812	\$107,013	10,685	\$ 94,246
Magazine Subscriptions	2,699	41,524	2,262	36,570
Newspaper Subscriptions	57	6,385	50	5,623
Government Publications	2,522	4,797	1,938	4,225
Other Publications	1,470	4,138	1,219	3,647
Music and Related Items	268	1,737	235	1,530
Supplies	--	26,657	--	23,477
Equipment	--	18,703	--	16,260
Shipping	--	15,312	--	15,217
Total	--	226,266	--	199,284
			--	200,792
			--	1,508

The increase of \$1,508 is requested to cover increased costs of international shipping.

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INFORMATION CENTER SERVICE

6. Presentation Program (1974 Actual, \$142,732; 1975 Estimate, \$176,630; 1976 Estimate, \$177,664; Increase, \$1,034).

To insure that important books and publications reach key people abroad, selected items are presented to foreign libraries, universities, schools, and other institutions and groups, and to leaders in government, the professions, industry, labor, journalism, and other fields. The increase of \$1,034 is requested to cover increased costs of international shipping.

The following table shows the program estimates in terms of the number and cost of items required:

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Hardback Books	7,854	\$ 66,131	8,615	\$ 82,697	8,615	\$ 82,697	--	\$ --
Paper Books	8,383	14,577	9,195	17,166	9,195	17,166	--	--
Magazine Subscriptions	2,834	40,022	3,108	46,184	3,108	46,184	--	--
Government Publications	5,044	9,595	5,532	15,788	5,532	15,788	--	--
Other Publications	3,831	4,613	4,202	5,391	4,202	5,391	--	--
Shipping	--	7,794	--	9,404	--	10,438	--	1,034
Total	--	142,732	--	176,630	--	177,664	--	1,034

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BROADCASTING SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements.....	\$ 52,268,941	\$ 57,141,239	\$ 61,019,400	\$ 3,878,161

General Statement

The Broadcasting Service (the Voice of America) strives to reach a global audience with strong radio transmissions carrying programs in the national interest which attract and hold listeners. VOA broadcasts $77\frac{1}{4}$ hours weekly in 35 languages, over 41 transmitters in the United States and 72 transmitters overseas. In addition to direct broadcasts, VOA transmits direct point-to-point feeds and prepares recorded programs for placement on local stations overseas.

A centralized service produces VOA programs, analyses, and feature programs. The language services edit, adapt and translate this material into foreign languages and also create original programs tailored to specific countries, broadcast programs in different languages, and prepare material for use by foreign radio stations. There are subsidiary centers in New York, Chicago, Los Angeles, Miami, Rhodes, Cairo and Beirut; and overseas regional correspondents staffs at 16 locations, which produce program material from sources available only in the geographic areas which they cover. Program operations also include the operation of VOA studios in Washington and network traffic control.

On the technical side, VOA operates a world-wide system of government-owned or leased facilities; engages in research, planning and development related to construction of new facilities, improvements in existing facilities, and radio propagation and frequency management; and carries on technical monitoring overseas.

A series of significant reductions were effected during fiscal year 1975:

In November, a reduction of 21 hours was made in the Vietnamese broadcast; in December the broadcast was reduced another seven hours, bringing Vietnamese to the weekly total of 28 hours, which is continuing.

Effective December 2, 1974, the Chinese broadcast was reduced $10\frac{1}{2}$ hours weekly; the Portuguese broadcast to Latin America was reduced by seven hours and the Spanish broadcast reduced by 14 hours weekly. The Washington originations in the English broadcast were also reduced in December by $2\frac{1}{2}$ hours; at the same time, the total English broadcast that can be heard overseas was reduced by $10\frac{1}{4}$ hours by reduction in the transmitting schedules of the overseas relay stations.

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BROADCASTING SERVICE

Effective February 1, 1975, the Slovene broadcast was eliminated with a reduction of three domestic positions. The long-wave transmitter of the Munich Relay Station, at Erching, which had been put on an operational "stand-by" basis in November 1973, with a staff of seven local employees, was removed from "stand-by" status to "mothball" status in December 1974, with a further staff reduction of three positions.

In addition to the positions noted above a further reduction of 40 positions (20 domestic, six American overseas, and 14 local) has been made throughout the Service as part of the total Agency reduction effort. Partially offsetting the reduction was an increase of two domestic positions for supervision of the modernization of the Dixon and Delano Relay Stations.

In 1976, funds are requested for the creation of a Project Management Staff of four positions for the East Asia Project, for which funds are requested in the appropriation "Acquisition and Construction of Radio Facilities". Four domestic positions are being discontinued at the end of 1975 to offset this needed Project Staff. Also requested are funds for special broadcast materials to commemorate the Bicentennial celebration of the United States.

A net increase of \$3,878,161 is requested in 1976 to support the above changes and to maintain all operations of the Broadcasting Service at essentially the program levels prevailing at the end of the current fiscal year.

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BROADCASTING SERVICE
Weekly Program Schedule

	June 30, 1974			June 30, 1975			June 30, 1976			Increase or Decrease (-)		
	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total
<u>East Europe & UCSR</u>												
Albanian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Armenian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Bulgarian.....	10:30	--	10:30	10:30	--	10:30	10:30	--	10:30	--	--	--
Czech-Slovak.....	14:00	--	14:00	14:00	--	14:00	14:00	--	14:00	--	--	--
Estonian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Georgian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Hungarian.....	17:30	--	17:30	17:30	--	17:30	17:30	--	17:30	--	--	--
Latvian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Lithuanian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Polish....	14:00	3:30	17:30	14:00	3:30	17:30	14:00	3:30	17:30	--	--	--
Romanian.....	10:30	--	10:30	10:30	--	10:30	10:30	--	10:30	--	--	--
Russian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Serbo-Croatian.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Slovene.....	3:30	--	3:30	--	--	--	--	--	--	--	--	--
Ukrainian.....	28:00	--	28:00	28:00	--	28:00	28:00	--	28:00	--	--	--
Uzbek.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
English (World-Wide).....	(87:30)	--	(87:30)	(63:00)	--	(63:00)	(63:00)	--	(63:00)	--	--	--
Sub-total.....	231:00	3:30	234:30	227:30	3:30	231:00	227:30	3:30	231:00	--	--	--
<u>West Europe</u>												
Greek.....	3:30	--	3:30	3:30	--	3:30	3:30	--	3:30	--	--	--
Turkish.....	3:30	--	3:30	3:30	--	3:30	3:30	--	3:30	--	--	--
Sub-total.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
<u>Africa</u>												
French.....	38:30	--	38:30	38:30	--	38:30	38:30	--	38:30	--	--	--
Swahili.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
English to Africa....	42:00	--	42:00	42:00	--	42:00	42:00	--	42:00	--	--	--
English (World-Wide).....	(45:30)	--	(45:30)	(31:30)	--	(31:30)	(31:30)	--	(31:30)	--	--	--
Sub-total.....	87:30	--	87:30	87:30	--	87:30	87:30	--	87:30	--	--	--

BROADCASTING SERVICE
Weekly Program Schedule

	June 30, 1974			June 30, 1975			June 30, 1976			Increase or Decrease (-)		
	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total	Orig- nations	Overseas Repeats	Total
<u>North Africa, Near East, and South Asia</u>												
Arabic.....	49:00	--	49:00	49:00	--	49:00	49:00	--	49:00	--	--	--
Bengali.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Hindi.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Urdu.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
English (World-Wide). (155:45)	--	(155:45)	(101:30)	--	(101:30)	(101:30)	--	(101:30)	--	--	--	--
Sub-total.....	70:00	--	70:00	70:00	--	70:00	70:00	--	70:00	--	--	--
<u>East Asia and Pacific</u>												
Burmese.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Chinese.....	64:45	5:15	70:00	54:15	5:15	59:30	54:15	5:15	59:30	--	--	--
Indonesian.....	21:00	--	21:00	21:00	--	21:00	21:00	--	21:00	--	--	--
Khmer.....	10:30	3:30	14:00	10:30	3:30	14:00	10:30	3:30	14:00	--	--	--
Korean.....	7:00	3:30	10:30	7:00	3:30	10:30	7:00	3:30	10:30	--	--	--
Lao.....	7:00	--	7:00	7:00	--	7:00	7:00	--	7:00	--	--	--
Russian.....	14:00	7:00	21:00	14:00	7:00	21:00	14:00	7:00	21:00	--	--	--
Thai.....	3:30	--	3:30	3:30	--	3:30	3:30	--	3:30	--	--	--
Vietnamese.....	28:00	28:00	56:00	17:30	10:30	28:00	17:30	10:30	28:00	--	--	--
English (World-Wide). (73:30)	--	(73:30)	(49:00)	--	(49:00)	(49:00)	--	(49:00)	--	--	--	--
Sub-total.....	(162:45)	47:15	210:00	141:45	29:45	171:30	141:45	29:45	171:30	--	--	--
<u>Latin America</u>												
Portuguese.....	21:00	--	21:00	14:00	--	14:00	14:00	--	14:00	--	--	--
Spanish.....	49:00	--	49:00	35:00	--	35:00	35:00	--	35:00	--	--	--
English (World-Wide). (14:00)	--	(14:00)	(7:00)	--	(7:00)	(7:00)	--	(7:00)	--	--	--	--
Sub-total.....	70:00	--	70:00	49:00	--	49:00	49:00	--	49:00	--	--	--
English (World-Wide)...	176:45	7:00	183:45	152:35	7:00	159:15	152:15	7:00	159:15	--	--	--
Total, Broadcasts	805:00	57:45	862:45	735:00	40:15	775:15	735:00	40:15	775:15	--	--	--

BROADCASTING SERVICESummary of Requirements

I. POSITIONS	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
<u>Program Operations</u>				
Domestic.....	1,082	1,059	1,055	-4
Overseas American.....	33	28	28	--
Local Employee.....	53	49	49	--
Sub-total.....	<u>1,168</u>	<u>1,136</u>	<u>1,132</u>	<u>-4</u>
<u>Technical Operations</u>				
Domestic.....	256	258	262	4
Overseas American.....	82	81	81	--
Local Employee.....	762	749	749	--
Sub-total.....	<u>1,100</u>	<u>1,088</u>	<u>1,092</u>	<u>4</u>
<u>Program Direction</u>				
Domestic.....	<u>33</u>	<u>33</u>	<u>33</u>	<u>--</u>
Sub-total.....	<u>33</u>	<u>33</u>	<u>33</u>	<u>--</u>
<u>Total Positions (Dollar Appropriation)</u>				
Domestic.....	1,371	1,350	1,350	--
Overseas American.....	115	109	109	--
Local Employee.....	815	798	798	--
Total, Dollar Appropriation.....	<u>2,301</u>	<u>2,257</u>	<u>2,257</u>	<u>--</u>
<u>Local Employee (Special Foreign Currency Appropriation - See Tab 11 of that submission)</u>				
Total, All Positions.....	<u>2</u>	<u>2</u>	<u>2</u>	<u>--</u>

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BROADCASTING SERVICE

II. FUNDS		1974	1975	1976	Increase or Decrease (-)	Page Ref.
		<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>		
A. VOA Programs						
1. Program Operations.....	\$ 27,723,538	\$ 29,207,375	\$ 30,045,740	\$ 838,365	19-7	
2. Technical Operations.....	22,772,122	26,134,769	29,107,158	2,972,389	19-18	
3. Program Direction.....	680,333	687,920	663,220	-24,700	19-25	
4. Home Leave and Transfer Costs.....	622,852	682,060	752,995	70,935	19-26	
Sub-total, VOA Programs.....	51,798,845	56,712,124	60,569,113	3,856,989		
B. Direct Support of Area and Country Programs						
1. Package Programs.....	281,534	307,928	307,528	-400	19-28	
2. Supplies and Equipment.....	252,997	178,449	180,449	2,000	19-29	
Sub-total, Direct Support.....	534,531	486,377	487,977	1,600		
Total Funds, Gross.....	52,333,376	57,198,501	61,057,090	3,858,589		
C. Deduct Reimbursements.....	-64,435	-57,262	-37,690	19,572		
Total, Direct Obligations.....	52,268,941	57,141,239	61,019,400	3,878,161		
D. Deduct Proposed Pay Act Supplemental.....	XXX	-1,204,400	XXX	XXX		
Total, 1975 Enacted Appropriation.....	XXX	55,936,839	XXX	XXX		

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BROADCASTING SERVICE

A. VOA Programs

1. Program Operations (1974 Actual, \$27,723,538; 1975 Estimate, \$29,207,375; 1976 Estimate, \$30,045,740; Increase \$338,365).

Program operations include the management, planning and policy supervision of the programs broadcast by the Voice of America. The more important areas are: (1) the centralized program service which produces VOA newscasts, news analyses, and features; (2) the language services themselves, which edit and translate into foreign languages the material produced by the centralized program service, create original programs tailored to the specific countries, broadcast programs in different languages, and prepare recorded material for use by foreign radio stations; (3) the VOA studios in Washington and network traffic; and (4) overseas correspondents at Beirut, New Delhi, Bangkok, Hong Kong, Tokyo, Saigon, Belgrade, Munich, Brussels, London, Paris, Rome, Abidjan, Lagos, Nairobi, and Lima; and subsidiary centers in New York, Chicago, Los Angeles, Miami, Rhodes, Beirut, and Cairo.

During 1975 the following reductions were made in the weekly broadcast schedule:

Slovene broadcast of $3\frac{1}{2}$ hours was discontinued in February 1975;
Portuguese broadcast to Latin America was reduced seven hours, from 21 to 14 hours weekly;
Spanish broadcast to Latin America was reduced 14 hours, from 49 to 35 hours weekly;
Chinese broadcast was reduced $10\frac{1}{2}$ hours, from 70 to $59\frac{1}{2}$ hours weekly;
Vietnamese broadcast was reduced 28 hours, from 56 to 28 hours weekly;
English broadcasts originating from Washington were reduced $24\frac{1}{2}$ hours from $183\frac{3}{4}$ to $159\frac{1}{4}$ hours weekly;
concurrently the total English broadcast heard overseas was reduced $10\frac{1}{4}$ hours, from $356\frac{1}{4}$ to 252 hours.

The elimination of Slovene was effective February 2, 1975; all the other language reductions were implemented by December 2, 1974.

In addition to reductions in the hours of broadcast, the Italian Feed Service and the East African Feed Service were discontinued December 1974, and the Asian Feed Service was discontinued February 2, 1975; the Broadcast Support Division was abolished and its functions transferred to other program elements; the American staff for the Munich Correspondent was drastically reduced from six to two positions; the Latin American Correspondent formerly located in Buenos Aires was transferred to Lima; one of the two correspondent positions in Hong Kong was eliminated; and four local positions were eliminated from the Correspondent offices overseas.

During 1975, a total reduction of 32 positions (23 domestic, five American overseas, and four local), including 15 positions related to the program cuts described above, has been made as part of the over-all Agency reduction. An additional four domestic positions are being discontinued at the end of 1975.

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BROADCASTING SERVICE

In 1976, an increase of \$99,000 is requested for preparation of special materials for broadcast use during 1976 as part of the Agency Bicentennial programming. In addition, a net increase of \$739,365 is required to maintain the program operations at the level prevailing at the end of the year. A schedule of positions by organizational unit appears on the next page.

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Domestic Programming				
(1) Employee Compensation and Benefits.....	\$ 21,732,238	\$ 23,305,640	\$ 24,070,565	\$ 764,925
(2) Program Expenses.....	3,872,787	3,668,075	3,547,720	-120,355
Sub-total, Domestic.....	<u>25,605,025</u>	<u>26,973,715</u>	<u>27,618,285</u>	<u>644,570</u>
b. Overseas Programming				
(1) Employee Compensation and Benefits.....	1,410,641	1,494,365	1,567,895	73,530
(2) Program Expenses.....	707,872	739,295	899,560	120,265
Sub-total, Overseas.....	<u>2,118,513</u>	<u>2,233,660</u>	<u>2,427,455</u>	<u>193,795</u>
Total, Program Operations.g/.....	<u>27,723,538</u>	<u>29,207,375</u>	<u>30,045,740</u>	<u>838,365</u>

g/ Additional amounts of \$71,921 in 1974, \$96,685 in 1975 and \$98,500 in 1976 are shown under the Special Foreign Currency Appropriation.

BROADCASTING SERVICE

	1974 Actual				1975 Estimate				1976 Estimate				Inc. or Dec. (-)			
	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total
Domestic																
Office of Assistant Director....	16	—	—	16	16	—	—	16	14	—	—	14	-2	—	—	-2
East Asia & Pacific Division....	155	—	—	155	152	—	—	152	151	—	—	151	-1	—	—	-1
African Division.....	60	—	—	60	60	—	—	60	59	—	—	59	-1	—	—	-1
Near East Division.....	69	—	—	69	69	—	—	69	69	—	—	69	—	—	—	—
Latin American Division.....	62	—	—	62	60	—	—	60	60	—	—	60	—	—	—	—
European Division.....	143	—	—	143	139	—	—	139	139	—	—	139	—	—	—	—
USSR Division.....	119	—	—	119	118	—	—	118	118	—	—	118	—	—	—	—
English Division.....	77	—	—	77	88	—	—	88	88	—	—	88	—	—	—	—
News & Current Affairs Division.	136	—	—	136	149	—	—	149	149	—	—	149	—	—	—	—
Broadcast Support Division.....	31	—	—	31	—	—	—	—	—	—	—	—	—	—	—	—
Technical Services Division.....	176	—	—	176	176	—	—	176	176	—	—	176	—	—	—	—
Northeast Correspondent Staff...	26	—	—	26	25	—	—	25	25	—	—	25	—	—	—	—
West Coast Correspondent Staff..	6	—	—	6	2	—	—	2	2	—	—	2	—	—	—	—
Southeast Correspondent Staff...	5	—	—	5	4	—	—	4	4	—	—	4	—	—	—	—
Midwest Correspondent Staff....	1	—	—	1	1	—	—	1	1	—	—	1	—	—	—	—
Sub-total, Domestic.....	1,082	—	—	1,082	1,059	—	—	1,059	1,055	—	—	1,055	-4	—	—	-4
Overseas																
Rhodes Program Center.....	—	10	21	31	—	10	21	31	—	10	21	31	—	—	—	—
RPC-Beirut.....	—	1	9	10	—	1	9	10	—	1	9	10	—	—	—	—
RPC-Cairo.....	—	—	*	—	—	—	*	—	—	—	*	—	—	—	—	—
Correspondent Staffs:																
West Europe: Brussels.....	—	1	1	2	—	1	—	1	—	1	—	1	—	3	—	—
London.....	—	2	1	3	—	2	1	3	—	2	1	3	—	—	—	—
Paris.....	—	—	2	2	—	—	2	2	—	—	2	2	—	—	—	—
Rome.....	—	1	1	2	—	1	1	2	—	1	1	2	—	—	—	—
East Europe: Belgrade.....	—	1	1	2	—	1	1	2	—	1	1	2	—	—	—	—
Munich.....	—	6	4	10	—	2	4	6	—	2	4	6	—	—	—	—
Near East: Beirut.....	—	2	—	2	—	2	—	2	—	2	—	2	—	—	—	—
Africa:	Abidjan.....	—	1	2	3	—	1	2	3	—	1	2	3	—	—	—
Lagos.....	—	1	3	4	—	1	2	3	—	1	2	3	—	—	—	—
Nairobi.....	—	1	2	3	—	1	2	3	—	1	2	3	—	—	—	—

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BROADCASTING SERVICE

	1974 Actual				1975 Estimate				1976 Estimate				Inc. or Dec. (-)			
	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total
South Asia: New Delhi.....	--	1	*	1	--	1	*	1	--	1	*	1	--	--	--	--
East Asia & Pacific: Bangkok...	--	1	4	5	--	--	2	2	--	--	2	2	--	--	--	--
Hong Kong.	--	2	1	3	--	1	1	2	--	1	1	2	--	--	--	--
Saigon....	--	--	--	--	--	1	--	1	--	1	--	1	--	--	--	--
Tokyo.....	--	1	1	2	--	1	1	2	--	1	1	2	--	--	--	--
Latin America: Lima (Buenos Aires) --	1	--	1	--	1	--	1	--	1	--	1	--	1	--	--	--
Total, Program Operations..	1,082	33	53	1,168	1,059	28	49	1,136	1,055	28	49	1,132	-4	--	--	-4

* Excludes one position chargeable to the Special Foreign Currency Appropriation.

BROADCASTING SERVICE
Explanation of Requirements

a. Domestic Programming

- (1) Employee Compensation and Benefits (1974 Actual, \$21,732,238; 1975 Estimate, \$23,305,640; 1976 Estimate, \$24,070,565; Increase, \$764,925).

This estimate includes funds for the positions required to produce and broadcast programs from Washington, and to prepare program material for local placement overseas.

The increase of \$764,925 in 1976 results from the following changes:

- (a) \$472,450 for full-year costs of the Federal pay raise and wage board rate increase in 1975;
(b) \$151,545 for within-grade increases in 1976;
(c) \$87,090 for an additional extra day's pay in 1976;
(d) \$10,530 for full-year cost of the conversion of 14 radio technicians from wage board to Federal pay systems effective October 1974;
(e) \$404,205 for restoration of normal employment levels; offset in part by
(f) Savings of \$360,895 resulting from the elimination of 23 positions during 1975 and the discontinuation of four positions at the end of 1975.
(2) Program Expenses (1974 Actual, \$3,872,787; 1975 Estimate, \$3,668,075; 1976 Estimate, \$3,547,720; Decrease \$-120,355).

This estimate covers the cost of specialized talent, program travel, alien and dependent travel and transportation, maintenance and operation of the Washington Plant and program line rentals.

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Talent.....	\$ 1,356,918	\$ 1,153,270	\$ 1,183,215	\$ 29,945
Travel.....	265,699	262,755	321,615	58,860
Program Line Rental.....	1,147,355	1,015,210	769,245	-245,965
Operation of Washington Studios.....	312,190	367,175	367,175	—
Other Program Expenses.....	790,625	869,665	906,470	36,805
Total.....	<u>3,872,787</u>	<u>3,668,075</u>	<u>3,547,720</u>	<u>-120,355</u>

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BROADCASTING SERVICE

The net decrease of \$120,355 in 1976 is made up of the following changes from 1975:

Talent, \$29,945 — an increase of \$5,205 for the full-year cost of rate increases granted in 1975, and an increase of \$44,000 for production of special Bicentennial program materials; offset in part by non-recurring costs of \$19,260 related to the 1975 broadcast productions.

Travel, \$58,860 — anticipated increases of \$10,680 in cost of international air fares and shipping rates to and from the United States, an increase of \$5,365 for the appointment/replacement and separation travel of aliens in continuing positions, and an increase of \$35,000 for preparation of special Bicentennial program materials. These increases are offset in part by non-recurring costs of \$12,185 in 1975 for the separation travel of aliens no longer required as a result of the Vietnamese language reduction.

Program Lines, \$-245,965 — full-year savings of conversion of transmission of programs from Master Control in Washington to the relay stations in Dixon and Delano from land-lines (telephone) to satellite, effective March 31, 1975.

Other Program Expenses, \$36,805 — full-year cost of \$27,910 for a 1975 rate increase in the UPI Contract, and an increase of \$8,895 for support costs associated with appointment of aliens as contract employees.

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BROADCASTING SERVICEb. Overseas Programming

- (1) Employee Compensation and Benefits (1974 Actual, \$1,410,641; 1975 Estimate, \$1,494,365; 1976 Estimate, \$1,567,895;
Increase, \$73,530.)

This estimate includes funds for the American and local positions required for the overseas Program Centers and Correspondents, as follows:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Rhodes Program Center.....	\$ 493,851	\$ 593,975	\$ 683,330	\$ 89,355
RPC-Beirut.....	96,857	128,955	142,850	13,895
RPC-Cairo.....	—	—	—	—
Correspondent Staffs:				
West Europe: Brussels.....	51,375	48,790	37,485	-11,305
London.....	70,463	64,210	66,065	1,855
Paris.....	36,501	39,865	48,760	8,895
Rome....	36,268	44,220	47,755	3,535
East Europe: Belgrade.....	45,466	36,095	39,855	3,760
Munich.....	275,185	173,085	130,020	-43,065
North Africa, Near East, and South Asia: Beirut	64,667	70,610	73,515	2,905
New Delhi.....	4,280	44,685	46,150	1,465
Africa: Abidjan.....	9,392	21,365	22,805	1,440
Lagos.....	44,285	48,090	48,715	625
Nairobi.....	29,260	32,190	33,805	1,625
East Asia and Pacific: Bangkok.....	21,454	8,685	7,710	-975
Hong Kong.....	59,372	49,830	48,310	-1,520
Saigon.....	6,179	22,390	24,025	1,635
Tokyo.....	39,320	37,160	36,480	-680
Latin America:Lima (Buenos Aires).....	26,466	30,165	30,260	95
Total.....	<u>1,410,641</u>	<u>1,494,365</u>	<u>1,567,895</u>	<u>73,530</u>

BROADCASTING SERVICE

The net increase of \$73,530 is requested to provide (a) \$13,180 for full-year costs of the Federal pay raise in 1975; (b) \$105,140 for local employee wage-scale increases, consisting of \$27,130 for full-year costs of increases effective for part of 1975 and \$78,010 for increases anticipated in 1976; (c) \$3,700 for full-year costs of within-grade increases effective for part of 1975 for local employees; (d) \$15,480 for within-grade increases in 1976; (e) \$2,515 for full-year costs of local employee promotions in 1975; (f) \$5,295 for an additional extra day's pay in 1976; and (g) \$2,540 net increase on continuing positions (\$13,940 for anticipated increases in allowance rates in 1976, offset in part by savings of \$4,815 due to changes in local employees in 1975 and by net savings of \$6,585 in allowances at present rates). These increases are partially offset by savings of \$74,320 from non-recurring costs of four local positions and five American positions dropped during 1975.

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BROADCASTING SERVICE

(2) Program Expenses (1974 Actual, \$707,872; 1975 Estimate, \$739,295; 1976 Estimate, \$859,560; Increase, \$120,265).

This estimate covers the operating expenses of overseas program operations, including the cost of specialized talent, travel, communications, lease of office and residential space, furniture, utilities, vehicles, specialized radio supplies, and equipment. The distribution by location is as follows:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Rhodes Program Center.....	\$ 69,585	\$ 60,250	\$ 74,735	\$ 14,485
RPC-Beirut.....	80,199	91,895	107,140	15,245
RPC-Cairo.....	--	--	--	--
<u>Correspondent Staffs:</u>				
West Europe: Brussels.....	35,865	40,220	43,245	3,025
London.....	37,971	39,275	43,870	4,595
Paris.....	12,152	13,860	15,520	1,660
Rome.....	22,853	47,680	54,000	6,320
East Europe: Belgrade.....	35,588	37,140	41,680	4,540
Munich.....	41,049	44,110	43,605	-505
North Africa, Near East, and South Asia: Beirut.....	82,496	82,040	96,980	14,940
New Delhi..	6,455	12,205	6,395	-5,810
Africa: Abidjan.....	61,928	67,735	82,435	14,700
Lagos.....	25,323	26,565	31,610	5,045
Nairobi.....	24,297	27,765	36,805	9,040
Rabat.....	21,533	--	--	--
East Asia and Pacific: Bangkok.....	28,105	25,325	18,770	-6,555
Hong Kong.....	63,995	41,050	48,635	7,585
Saigon.....	18,900	30,170	51,610	21,440
Tokyo.....	20,075	31,210	37,170	5,960
Latin America:Lima (Buenos Aires).....	17,502	20,800	25,355	4,555
Total.....	<u>707,872</u>	<u>739,295</u>	<u>859,560</u>	<u>120,265</u>

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BROADCASTING SERVICE

The net increase of \$120,265 requested in 1976 includes \$116,455 for anticipated overseas price and cost increases in 1976 (\$19,345 for program travel locally, \$36,880 for telephone and telex communications, \$29,450 for residential and office leases and utilities, \$17,965 for contractual stringers and talent locally, and \$12,815 for all other miscellaneous office and program services and materials); \$7,325 for the full-year costs of 1975 price changes; and \$1,890 for other miscellaneous increases. These increases are offset in part by non-recurring costs of \$5,405 resulting from the elimination of American staff in 1975.

Recapitulation of Total Costs by Office and Location a/

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
Domestic:				
Office of Assistant Director.....	\$ 352,809	\$ 359,875	\$ 363,540	\$ 3,665
East Asia and Pacific Division.....	3,332,548	3,377,560	3,426,810	49,250
African Division.....	1,352,058	1,412,345	1,495,540	83,195
Near East Division.....	1,379,618	1,489,015	1,545,075	56,060
Latin American Division.....	1,362,140	1,419,500	1,505,780	86,280
European Division.....	3,176,917	3,302,655	3,420,320	117,665
USSR Division.....	2,474,552	2,791,840	2,873,775	81,935
English Division.....	1,667,052	2,063,325	2,170,635	107,310
News and Current Affairs Division.....	3,926,466	4,515,945	4,666,825	150,880
Broadcast Support Division.....	551,122	—	—	—
Technical Services Division.....	5,085,185	5,363,145	5,314,850	-48,295
Northeast Correspondent Staff.....	621,407	625,190	617,375	-7,815
West Coast Correspondent Staff.....	138,598	111,320	78,985	-32,335
Southeast Correspondent Staff.....	143,955	98,765	94,570	-4,195
Midwest Correspondent Staff.....	40,598	43,235	44,205	970
Sub-total, Domestic.....	25,605,025	26,973,715	27,618,285	644,570

a/ Includes employee compensation and benefits and program expenses.

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BROADCASTING SERVICE

Recapitulation of Total Costs by Office and Location (Continued)

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Overseas:</u>				
Rhodes Program Center.....	\$ 563,437	\$ 654,225	\$ 758,065	\$ 103,840
RPC-Beirut.....	177,056	220,850	249,990	29,140
<u>Correspondent Staffs:</u>				
Brussels.....	87,240	89,010	80,730	-8,280
London.....	108,434	103,485	109,935	6,450
Paris.....	48,653	53,725	64,280	10,555
Rome.....	61,121	91,900	101,755	9,855
Belgrade.....	81,054	73,235	81,535	8,300
Munich.....	316,234	217,195	173,625	-43,570
Beirut.....	147,163	152,650	170,495	17,845
New Delhi b/.....	10,735	56,890	52,545	-4,345
Abidjan.....	71,320	89,100	105,240	16,140
Lagos.....	69,608	74,655	80,325	5,670
Nairobi.....	53,557	59,955	70,610	10,655
Rabat.....	21,533	--	--	--
Bangkok.....	49,559	34,010	26,480	-7,530
Hong Kong.....	123,367	90,880	96,945	6,065
Saigon.....	25,079	52,560	75,635	23,075
Tokyo.....	59,395	68,370	73,650	5,280
Lima (Buenos Aires).....	43,968	50,565	55,615	4,650
Sub-total, Overseas.....	<u>2,118,513</u>	<u>2,233,660</u>	<u>2,427,455</u>	<u>193,795</u>
Total, Program Operations.....	<u>27,723,538</u>	<u>29,207,375</u>	<u>30,045,740</u>	<u>838,365</u>

b/ Additional amounts are funded from the Special Foreign Currency Appropriation.

BROADCASTING SERVICE

2. Technical Operations (1974 Actual, \$22,772,122; 1975 Estimate, 826,134,769; 1976 Estimate, \$29,107,158; Increase, \$2,972,389).

The basic role of Technical Operations is to transmit and relay VOA programs with the best signal possible into each target area. The VOA manages a world-wide system of Government-owned or leased radio facilities to meet changing program requirements and propagation conditions. This activity also provides the technical capability required for radio propagation and frequency analysis, overseas technical monitoring, and improvements in existing facilities, as well as the necessary research, planning and development related to the construction of new facilities.

Most of the Voice of America programs originate in Washington and are transmitted to the shortwave stations at Greenville in North Carolina, Dixon and Delano in California, and Bethany in Ohio, and the medium-wave station at Marathon in Florida. The shortwave transmissions are then picked up by overseas relay stations which boost the strength of the signal and transmit it to the target area via short or medium-wave, depending on the local situations and available facilities. Programs to Latin America are broadcast directly from facilities in the United States. The total Arabic broadcast to the Near East and North Africa emanates from the Rhodes Program Center for direct broadcast over the transmitters at Rhodes. Because of the lack of technical facilities, 40 $\frac{1}{2}$ hours of total weekly broadcasts are repeated by the relay stations for direct broadcast to target areas.

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A net decrease of 12 positions has been effected in 1975 including three local positions dropped at the Munich Relay Station as a result of "mothballing" the long-wave transmitter at Erching; one American and one local position was eliminated with the discontinuance of the Resident Engineer in London; four local positions were dropped at the Bangkok Relay Station with the elimination of a "morning shift" at the transmitter station; two local positions were dropped at the Philippines, and three at Munich. These reductions were offset in part by the addition of two domestic positions in 1975 for site supervision of the modernization project at Dixon and Delano.

In 1976, an increase of four domestic positions is requested, for the Project Management Staff for the East Asia Project. A schedule of positions by organizational unit follows.

A net increase of \$2,972,389 is requested in 1976 to fund the new positions and to maintain the technical operations at the levels in effect at the end of 1975.

BROADCASTING SERVICE

	1974 Actual				1975 Estimate				1976 Estimate				Inc. or Dec. (-)			
	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total
<u>Office of Engineering Manager..</u>	88	--	--	88	88	--	--	88	92	--	--	92	4	--	--	4
<u>Operation of Facilities</u>																
Bethany Relay Station.....	24	--	--	24	24	--	--	24	24	--	--	24	--	--	--	--
Delano Relay Station.....	23	--	--	23	23	--	--	23	23	--	--	23	--	--	--	--
Dixon Relay Station.....	23	--	--	23	23	--	--	23	23	--	--	23	--	--	--	--
Greenville Relay Station.....	92	--	--	92	92	--	--	92	92	--	--	92	--	--	--	--
Marathon Relay Station.....	6	--	--	6	6	--	--	6	6	--	--	6	--	--	--	--
Bangkok Relay Station.....	--	6	49	55	--	6	45	51	--	6	45	51	--	--	--	--
Colombo Relay Station.....	--	1	3	4	--	1	3	4	--	1	3	4	--	--	--	--
Kavala Relay Station.....	--	15	122	137	--	15	122	137	--	15	122	137	--	--	--	--
Liberia Relay Station.....	--	15	103	118	--	15	103	118	--	15	103	118	--	--	--	--
Munich Relay Station.....	--	5	86	91	--	5	80	85	--	5	80	85	--	--	--	--
Okinawa Relay Station.....	--	8	74	82	--	8	74	82	--	8	74	82	--	--	--	--
Philippines Relay Station.....	--	12	155	167	--	12	153	165	--	12	153	165	--	--	--	--
Rhodes Relay Station.....	--	6	72	78	--	6	72	78	--	6	72	78	--	--	--	--
Tangier Relay Station.....	--	9	89	98	--	9	89	98	--	9	89	98	--	--	--	--
Resident Engineer, London.....	--	1	1	2	--	--	--	--	--	--	--	--	--	--	--	--
Sub-total, Relay Stations..	168	78	754	1,000	168	77	741	986	168	77	741	986	--	--	--	--
<u>Monitoring Offices.....</u>	--	4	8	12	--	4	8	12	--	4	8	12	--	--	--	--
<u>Site Construction Staffs</u>																
Dixon-Delano Modernization....	--	--	--	--	2	--	--	2	2	--	--	2	--	--	--	--
Total, Technical Operations	256	82	762	1,100	258	81	749	1,088	262	81	749	1,092	4	--	--	4

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BROADCASTING SERVICE
Summary of Requirements

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Office of Engineering Manager.....	\$ 1,970,891	\$ 1,897,960	\$ 2,034,655	\$ 136,695
b. Operation of Facilities.....	20,801,231	24,201,379	27,025,203	2,823,824
c. Site Construction.....	--	35,430	47,300	11,870
Total, Technical Operations.....	<u>22,772,122</u>	<u>26,134,769</u>	<u>29,107,158</u>	<u>2,972,389</u>

Explanation of Items

a. <u>Office of Engineering Manager</u>				
(1) Employee Compensation and Benefits.....	\$ 1,828,356	\$ 1,768,030	\$ 1,901,225	\$ 133,195
(2) Operating Expenses.....	142,535	129,930	133,430	3,500
Total, Engineering Manager.....	<u>1,970,891</u>	<u>1,897,960</u>	<u>2,034,655</u>	<u>136,695</u>
(1) Employee Compensation and Benefits (1974 Actual, \$1,828,356; 1975 Estimate, \$1,768,030; 1976 Estimate, \$1,901,225; Increase \$133,195).				

The increase of \$133,195 requested in 1976 includes \$28,845 for the full-year costs of the 1975 Federal pay raise, \$13,485 for within-grade increases in 1976, \$7,195 for an extra day's pay in 1976, \$12,730 for restoration of normal employment levels, and \$70,940 for the four positions added in 1976.

(2) Operating Expenses (1974 Actual, \$142,535; 1975 Estimate, \$129,930; 1976 Estimate, \$133,430; Increase, \$3,500).

This estimate includes travel costs and miscellaneous expenses relating to supervision and inspection of domestic and overseas relay facilities, overseas monitoring offices, construction of new facilities, and radio propagation and frequency management.

The increase of \$3,500 requested in 1976 provides for the anticipated increase in international air fares to and from the United States.

BROADCASTING SERVICE

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
b. Operation of Facilities				
(1) Employee Compensation and Benefits.....	\$ 10,178,650	\$ 11,484,535	\$ 12,822,045	\$ 1,337,510
(2) Operating Expenses.....	10,622,581	12,716,844	14,203,158	1,486,314
Total, Operation of Facilities.....	<u>20,801,231</u>	<u>22,201,379</u>	<u>27,025,203</u>	<u>2,823,824</u>

- (1) Employee Compensation and Benefits (1974 Actual, \$10,178,650; 1975 Estimate, \$11,484,535; 1976 Estimate, \$12,822,045;
Increase \$1,337,510).

This allowance includes all salary and allowance costs for personnel (domestic, overseas American, and local) required to operate the Government-owned relay stations, and the monitoring offices. The net increase of \$1,337,510 in 1976 will provide the following:

- (a) \$109,920 for full-year costs of the Federal pay raise and wage board rate increases in 1975;
(b) \$885,415 for local employee wage scale increases, consisting of \$214,150 for full-year costs of increases effective for part of 1975 and \$671,265 for increases anticipated in 1976;
(c) \$73,410 for full-year costs of within-grade increases (\$41,455) and promotions (\$31,955) effective for part of 1975 for local employees;
(d) \$79,070 for within-grade increases in 1976 (\$29,370 for American and \$49,700 for local positions);
(e) \$23,350 for local promotions in 1976;
(f) \$47,015 for an additional extra day's pay in 1976 (\$24,170 for American and \$22,845 for local positions);
(g) \$57,145 for full-year cost of conversion of 126 domestic employees from wage board to Federal classification systems in 1975;
(h) \$113,610 for restoration of normal employment levels (\$107,615 consisting of \$69,260 domestic and \$38,355 American); and other net increases, primarily for allowance adjustments (\$5,995);
(i) \$36,790 for anticipated increase in Foreign Service allowances in 1976; offset in part by
(j) Full-year savings of \$88,215 resulting from the reduction of 14 positions in 1975 (\$21,225 for American positions, plus \$350 for allowances, and \$66,640 for local positions eliminated). 645

BROADCASTING SERVICE

(2) Operating Expenses (1974 Actual, \$10,622,581; 1975 Estimate, \$12,716,844; 1976 Estimate, \$14,203,158; Increase \$1,486,314).

This activity covers operating expenses, power, rental and property maintenance for overseas and domestic relay stations (both Government-operated and contracted), and expenses for monitoring offices. The net increase of \$1,486,314 in total requirements includes the following changes:

Full-year Cost of 1975 Rate and Price Increases..... \$ 370,660

Full-year costs for 1975 rate and price increases include: \$154,200 for commercial power, \$141,190 for diesel fuel, \$7,865 for lube oil, \$7,700 for gasoline, \$47,900 for rental of radio facilities at Woofferton, \$6,650 for grounds maintenance contracts, and \$5,155 for guard services and residential leases.

Anticipated Rate and Price Increases Overseas in 1976..... 1,214,205

Includes \$596,300 for commercial power, diesel fuel, lube oil and gasoline; \$243,435 for rent and contractual operation of facilities; \$70,080 for lease of land; \$17,600 for lease of space and utilities; \$75,555 for guard service; \$73,450 for contractual buildings and grounds maintenance; \$40,825 for radio, buildings and ground maintenance, and general supplies and repair parts; \$24,525 for program lines, telephone and teletype rentals; \$3,500 for international air fares and \$15,715 for international shipping rates to and from the United States; and \$53,220 for miscellaneous other expenses.

Restoration of Normal Levels of Equipment and Supplies..... 94,705

Buildings and Grounds Maintenance Expenses..... 74,900

Major painting projects; e.g., Greenville antenna towers (scheduled every five years), painting of exteriors of buildings at Kavala (first time since construction finished in 1973), and road repairs.

Other Changes in Over-all Operation of Facilities..... 162,574

Includes \$73,660 for tube replacements, primarily Kavala and Tinang; \$35,515 for shipping from the United States (based on increased quantities and scheduling); \$51,000 for full operation of all transmitters at Kavala; and a net increase of \$2,399 in all other on-going operations.

Savings from 1975 Technical and Program Changes..... -430,730

Savings due to non-recurring cost of \$49,110 from termination of contractual operation of relay station at Hue, Viet-Nam; \$5,710 from closing of the office of the Resident Engineer, London; \$1,785 from "mothballing" the long-wave transmitter at Munich Relay Station; and \$374,125 in transmission costs for program reductions begun in 1975.

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BROADCASTING SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
c. <u>Site Construction Projects</u>				
Employee Compensation and Benefits.....	\$ --	\$ 35,430	\$ 47,300	\$ 11,870
Operating Expenses.....	--	--	--	--
Total, Site Construction.....	--	35,430	47,300	11,870

The estimate provides the employee compensation for the supervisory staff of two domestic employees for the Delano-Dixon antenna improvements project. The increase of \$11,870 in 1976 provides \$11,450 for full-year cost of these two positions added in 1975; \$370 for the additional extra day's pay in 1976; and \$50 for the full-year costs of the health benefits contribution increase in 1975.

BROADCASTING SERVICE

Recapitulation: Total Costs by Office and Location a/

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
<u>Office of the Engineering Manager.....</u>	\$ 1,970,891	\$ 1,897,960	\$ 2,034,655	\$ 136,695
<u>Operation of Facilities</u>				
Bethany Relay Station.....	791,163	922,345	1,012,025	89,680
Delano Relay Station.....	815,363	985,395	1,073,110	87,715
Dixon Relay Station.....	689,481	804,800	852,365	47,565
Greenville Relay Station.....	2,957,447	3,585,890	3,690,940	105,050
Marathon Relay Station.....	150,377	196,420	205,420	9,000
Langkok Relay Station.....	588,614	720,480	788,110	67,630
Colombo Relay Station.....	136,931	178,485	191,885	13,400
Kavala Relay Station.....	2,628,034	3,249,194	3,878,518	629,324
Liberia Relay Station.....	2,003,587	2,374,545	2,493,005	118,460
Munich Relay Station.....	2,355,051	2,510,740	2,857,575	346,835
Okinawa Relay Station.....	1,629,920	1,933,730	2,287,415	353,685
Philippines Relay Station.....	2,096,124	2,248,825	2,534,005	285,180
Rhodes Relay Station.....	1,146,126	1,394,345	1,638,690	244,345
Tangier Relay Station.....	1,198,696	1,302,395	1,553,290	250,895
Transportable Relay Station, Hue.....	20,639	49,110	—	-49,110
Woofferton Relay Station.....	1,347,800	1,483,000	1,726,270	243,270
Resident Engineer, London.....	56,659	38,865	—	-38,865
Monitoring Offices b/.....	189,219	222,815	242,580	19,765
<u>Sub-total.....</u>	<u>20,801,231</u>	<u>24,201,379</u>	<u>27,025,203</u>	<u>2,823,824</u>
<u>Site Construction Supervision</u>				
Dixon and Delano Modernization Project.....	—	35,430	47,300	11,870
<u>Total, Technical Operations.....</u>	<u>22,772,122</u>	<u>26,134,769</u>	<u>29,107,158</u>	<u>2,972,389</u>

a/ Includes employee compensation and benefits and operating expenses.

b/ Additional amounts are funded from the Special Foreign Currency Appropriation.

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BROADCASTING SERVICE

3. Program Direction (1974 Actual, \$680,333; 1975 Estimate, \$687,920; 1976 Estimate, \$663,220; Decrease, \$-24,700).

This estimate provides salary costs and program expenses for the Office of the Director, with its associated staff functions. This estimate includes the following items of expense:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
<u>Positions</u>				
Domestic.....	33	33	33	-
<u>Funds</u>				
Employee Compensation and Benefits.....	\$ 621,359	\$ 618,195	\$ 635,425	\$ 17,230
Travel Expenses.....	14,180	13,045	13,615	570
Other Expenses.....	44,794	56,680	14,180	-42,500
Total, Funds.....	<u>680,333</u>	<u>687,920</u>	<u>663,220</u>	<u>-24,700</u>

The increase of \$17,230 requested in employee compensation includes \$10,860 for the full-year cost of the Federal pay raise and wage board rate increases during FY 1975; \$3,990 for within-grade increases in 1976; and \$2,380 for an additional extra day's pay in 1976.

The increase of \$570 in travel expenses is for the anticipated increases in international shipping and air fares to and from the United States.

The decrease of \$42,500 in other expenses represents the non-recurring costs in 1976 for the contractual review and inspection of overseas transmitting facilities.

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BROADCASTING SERVICE

4. Home Leave and Transfer Costs (1974 Actual, \$622,852; 1975 Estimate, \$682,060; 1976 Estimate, \$752,995; Increase, \$70,935).

This activity provides for travel and transportation costs related to the transfer of Foreign Service personnel and Third Country Nationals to and from overseas VOA installations, and the assignment of Agency staff (Foreign Service and Domestic) to and from radio broadcast operations in the United States. The following schedule shows the number of trips and the amounts required in connection with the maintenance of staff at existing installations and the construction and operation of new facilities.

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Trips	Amount	Trips	Amount	Trips	Amount	Trips	Amount
Appointment.....	38	\$ 95,219	44	\$136,240	39	\$ 75,980	-5	\$-60,260
Separation (including retirement).....	14	62,579	13	72,675	13	71,590	--	-1,085
Home Leave and Return.....	24	120,118	20	103,700	42	287,805	22	184,105
Home Leave and Transfer.....	14	126,945	14	181,335	15	150,615	1	-30,720
Direct Transfer.....	32	172,062	24	138,110	12	109,690	-12	-28,420
Storage, Separate Shipment of Effects and Dependents' Travel.....	15	45,929	18	50,000	18	57,315	--	7,315
Total.....	137	622,852	133	682,060	139	752,995	6	70,935

The 1976 estimate provides for the home leave trips of American employees eligible in 1976; for the transfer and reassessments of American employees as necessary; and for the mandatory separation of Third Country National employees in Liberia and Rhodes upon completion of two years service and the appointment of replacements.

The net increase of \$70,935 includes \$61,845 for the anticipated increase in the cost of international air fares and shipping to and from the United States; \$32,100 for restoration of normal travel levels; and a net change of \$2,710 in projected travel due to home leave eligibility; these increases are offset in part by non-recurring costs of \$25,720 for separation travel of staff reductions in 1975.

BROADCASTING SERVICE

- B. Direct Support of Country or Area Radio Programs (1974 Actual, \$534,531; 1975 Estimate, \$486,377; 1976 Estimate, \$487,977; Increase, \$1,600).

This activity includes the cost of producing and distributing radio programs for placement on local stations overseas by USIS posts; music transcription libraries for use by the posts in supplying material for local broadcasting or in local production of radio programs; and technical supplies and equipment furnished to the posts for their use in producing programs. No employee compensation and benefits are included in this activity since the employees who perform these functions are part of the various Broadcasting Service divisions. A summary by area is shown in the following schedule:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
East Asia and Pacific.....	\$ 63,915	\$ 98,060	\$ 98,860	\$ 800
Africa.....	96,858	112,160	111,700	-460
North Africa, Near East, and South Asia.....	86,787	52,185	52,575	390
Latin America.....	168,793	132,810	133,365	555
West Europe.....	105,822	74,880	75,070	190
Soviet Union and East Europe.....	12,356	16,282	16,407	125
Total.....	<u>534,531</u>	<u>486,377</u>	<u>487,977</u>	<u>1,600</u>

The estimate for 1976 includes \$2,300 for anticipated increase in cost of international shipping, offset in part by savings of \$700 due to the 1975 reduction in the USIS operation in Burundi.

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BROADCASTING SERVICE

1. Radio Package Programs (1974 Actual, \$281,534; 1975 Estimate, \$307,928; 1976 Estimate, \$307,528; Decrease \$-400).

This activity provides for the production and distribution of radio programs for placement by overseas posts, and music libraries for use by posts in local production of radio programs and in supplying material for local broadcasting. A distribution by geographic area follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Decrease (-)</u>
East Asia and Pacific.....	\$ 26,107	\$ 37,640	\$ 37,640	\$ -
Africa.....	74,686	91,670	91,270	-400
North Africa, Near East, and South Asia.....	16,014	23,550	23,550	-
Latin America.....	73,929	86,070	86,070	-
West Europe.....	85,650	62,950	62,950	-
Soviet Union and East Europe.....	5,148	6,048	6,048	-
Total.....	<u>281,534</u>	<u>307,928</u>	<u>307,528</u>	<u>-400</u>

The decrease of \$400 reflects the reduction of the USIS operation in Burundi in 1975.

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BROADCASTING SERVICE2. Supplies and Equipment (1974 Actual, \$252,997; 1975 Estimate, \$178,449; 1976 Estimate, \$180,449; Increase \$2,000).

This activity provides for the domestic purchase of radio supplies and equipment in direct support of local production of radio programs and activities conducted by USIS posts. Such items are purchased domestically because of price advantages and general standardization of equipment, or because these items are not available on foreign markets. Supplies consist of tapes, discs, tubes and maintenance parts. Equipment consists of playbacks, recorders, amplifiers and other related radio equipment items. A distribution by geographic area follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
East Asia and Pacific.....	\$ 37,808	\$ 60,420	\$ 61,220	\$ 800
Africa.....	22,172	20,490	20,430	-60
North Africa, Near East, and South Asia.....	70,773	28,635	29,025	390
Latin America.....	94,864	46,740	47,295	555
West Europe.....	20,172	11,930	12,120	190
Soviet Union and East Europe.....	7,208	10,234	10,359	125
Total.....	252,997	178,449	180,449	2,000

The net increase of \$2,000 in 1976 provides \$2,300 for the anticipated increase in cost of international shipping of materials, offset in part by savings of \$300 resulting from the reduction in the USIS operation in Burundi in 1975.

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PROGRAM DIRECTION AND OTHER SERVICES

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$19,513,087	\$19,732,950	\$20,361,900	\$628,950

General Statement

Under this heading are grouped the "home office" management functions for the Agency as a whole. The grouping includes over-all direction by the Director, policy, planning, assessment, research, legal, personnel, security, administrative and other staff services. During 1975, 26 positions were eliminated in these offices.

The net increase of \$628,950 is requested to provide: \$260,032 for restoration of normal employment levels; \$256,160 for the full-year costs of the October 13, 1974 Federal pay raise; \$123,514 for within-grade salary increases; \$62,065 for an additional extra day's pay in 1976; \$4,349 for local employee wage scale increases; \$68,155 for restoration of travel and administrative supply and equipment levels; \$52,825 for net increased reimbursement to the Civil Service Commission primarily for an investigations rate increase; \$29,175 for increased reimbursement to the Employee Compensation Fund of the Department of Labor; \$27,883 for net increased reimbursement to the General Services Administration for communication services; \$16,745 for anticipated increases in the cost of international air fares; and \$2,500 for an increase in Entertainment in the U.S.

These increases are partially offset by a net reduction of \$274,453 in salary and other expenses representing a net decrease of \$236,071 for savings from position reductions in 1975 and \$38,382 for non-recurring costs related to the Agency's data processing system.

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Office of the Director

The Director and his Deputy are responsible for the over-all planning and direction of the programs administered by the United States Information Agency. In 1976, the office includes 34 positions as follows: 10 in the immediate Office of the Director and 24 in the Executive Secretariat and Operations Center.

PROGRAM DIRECTION AND OTHER SERVICES

Office of Policy and Plans

The Office of Policy and Plans, under the Director's guidance, formulates information policies for the Agency. It advises the Director on the implications of foreign public opinion for U.S. foreign policy. The office obtains policy guidance from the White House and the Department of State, and maintains regular contact with the Department of Defense, other agencies of Government and private organizations. It provides basic themes and program emphases for the operating elements of the Agency, coordinates media output to reflect U.S. policy, and keeps the Agency informed on foreign media reaction to U.S. foreign policies. It provides professional expertise on national security, science, space, cultural affairs, urban population and environmental problems, business and economics, youth, labor, and minorities. Through its Inspection and Audit Staff, the office evaluates for the Director the effectiveness of the overall USIA program including financial and personnel management and the attainment of program objectives. The office undertakes planning in support of executive decisions allocating resources to achieve Agency objectives and provides staff support for the Director and other senior Agency officers on matters relating to the National Security Council, the Under Secretaries' Committee and other inter-agency activities. This office operates centers for foreign correspondents in New York and Washington, D.C., and conducts orientation programs in the U.S. for influential foreign media representatives. The 1976 estimate provides for a staff of 65 positions.

Office of Research

The Office of Research designs and conducts survey research studies to identify (1) the nature and structure of the audiences with whom we seek to communicate and, (2) the attitudes of these audiences toward American foreign policies, American society and issues of concern in the implementation of Agency programs. The office systematically applies social science research techniques to assess the reach and impact of selected high-priority Agency media products — radio, TV, motion pictures, press and publications — and field programs. Selected studies of the foreign information and cultural programs of foreign countries are prepared, with special emphasis on their respective propaganda strategies, tactics, themes, communications patterns and budgets. The office produces, for the use of Agency operating elements, reports on internal developments in selected foreign societies which have implications of significance for the conduct of Agency activities. In general, research projects are undertaken to develop new information, findings, conclusions and suggestive interpretations of practical value to program operations and management decision-making. Through the Agency Library, the office provides Agency officers — both at home and abroad — with documentary research and reference services covering the full spectrum of Agency activities. The 1976 estimate provides for a staff of 102 positions.

Office of Equal Employment Opportunity

The Office of Equal Employment Opportunity has the responsibility of implementing Public Law 92-261 which provides for equal employment opportunity in the Federal Government without regard to race, color, religion, sex or national origin. The office prepares and administers an Affirmative Action Plan which is approved by the Civil Service Commission, setting forth the Agency's methods and goals for recruitment of minorities and women and for upward mobility. The 1976 estimate provides for a staff of five positions.

PROGRAM DIRECTION AND OTHER SERVICES

Office of the General Counsel

The Office of the General Counsel conducts the Agency's legal affairs and handles its Congressional relations, maintaining contact with Members and Committees of Congress. It advises the Director and other officers on the interpretation of laws, executive orders, international agreements and legal decisions which affect Agency operations; on the scope and application of the laws governing the Agency's authority; and on legal implications of proposed activities. The office represents the Agency in hearings involving disputes on contracts, equal employment opportunity, personnel and licensing. It oversees litigation in foreign countries arising from the Agency's operations. It secures necessary rights clearances for the Agency's programs. The 1976 estimate provides for a staff of 18 positions.

Office of Public Information

This office responds to questions from the American public concerning the purposes and operations of the Agency; prepares and issues news releases on appropriate activities, policies, and personnel actions; prepares the annual report to Congress; prepares the Agency's internal newsletter; and conducts public tours of the Voice of America studios. The 1976 estimate provides for a staff of 11 positions.

U.S. Advisory Commission on Information

A secretariat established by the Agency provides necessary assistance to the members of the U.S. Advisory Commission on Information who are appointed under authority of the U.S. Information and Educational Exchange Act of 1948, as amended. The staff, consisting of three positions, gathers and maintains program materials for the Commission's quarterly reports to the Director of the Agency, and for reports to the Congress as required by the Act.

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Office of Security

The Office of Security directs and carries out all Agency security operations involving personnel, physical, and documentary security matters. It evaluates and determines whether applicants for employment and prospective Agency contractors meet the security standards of the Agency and conducts investigations and makes recommendations in cases where an employee's activities are allegedly inconsistent with the interests of national security. The 1976 estimate provides for a staff of 55 positions.

Office of Personnel and Training

This office is responsible for the development and application of Agency domestic and foreign service personnel policy covering the recruitment, training, assignment and career development of all Agency employees. In 1976, the 114 positions are distributed as follows: nine in the Office of the Assistant Director (Personnel and Training), 14 in the Training Division and 91 related to Personnel Management.

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PROGRAM DIRECTION AND OTHER SERVICES

Office of Administration and Management

This office provides central administrative services to the Agency domestically; administrative and technical assistance to overseas posts; and maintains arrangements with the Department of State for reimbursable administrative support services to the Agency's operations. The 1976 estimate provides for 381 positions, as reflected in the following table.

<u>Organization</u>	1974 Actual				1975 Estimate				1976 Estimate				Increase or Decrease (-)			
	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total	Dom	Am	Loc	Total
Assistant Director (Admin. & Mgmt.) ..	6	--	--	6	6	--	--	6	6	--	--	6	--	--	--	--
Program and Budget Division	33	--	--	33	32	--	--	32	32	--	--	32	--	--	--	--
Finance and Data Management Division:																
Overall Direction and Administration	6	--	--	6	6	--	--	6	6	--	--	6	--	--	--	--
Accounting Systems and Operations ..	74	--	--	74	70	--	--	70	70	--	--	70	--	--	--	--
Data Management	33	--	--	33	32	--	--	32	32	--	--	32	--	--	--	--
Sub-total, Finance and Data Management Division	113	--	--	113	108	--	--	108	108	--	--	108	--	--	--	--
Management Division	23	4	--	27	22	4	--	26	22	4	--	26	--	--	--	--
Contract and Procurement Division	31	--	--	31	29	--	--	29	29	--	--	29	--	--	--	--
Administrative Services Division:																
Overall Supervision and Planning ...	8	--	--	8	8	--	--	8	8	--	--	8	--	--	--	--
Travel and Transportation	12	--	--	12	12	--	--	12	12	--	--	12	--	--	--	--
Property Management and Warehouse ..	62	--	--	62	61	--	--	61	61	--	--	61	--	--	--	--
Communications and Records	43	--	--	43	43	--	--	43	43	--	--	43	--	--	--	--
Printing and Visual Services	22	--	--	22	22	--	--	22	22	--	--	22	--	--	--	--
Field Servicing	32	1	1	34	32	1	1	34	32	1	1	34	--	--	--	--
Sub-total, Admin. Services Div.	179	1	1	181	178	1	1	180	178	1	1	180	--	--	--	--
Total	385	5	1	391	375	5	1	381	375	5	1	381	--	--	--	--

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PROGRAM DIRECTION AND OTHER SERVICES

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
POSITIONS:				
Domestic	806	780	780	--
Overseas Americans	6	6	6	--
Local Employees	2	2	2	--
Total Positions	814	788	788	--
FUNDS: (by item of expense)				
A. Employee Compensation and Benefits	\$14,880,400	\$15,493,381	\$15,902,805	\$409,424
B. Program Expenses	4,657,926	4,252,142	4,475,293	223,151
Total Funds, Gross	19,538,326	19,745,523	20,378,098	632,575
C. Deduct Reimbursements	-25,239	-12,573	-16,198	-3,625
Total, Direct Obligations	19,513,087	19,732,950	20,361,900	628,950
D. Deduct Proposed Pay Act Supplemental	XXX	-539,600	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	19,193,350	XXX	XXX

Detailed requirements by type of expense for Program Direction and Other Services follow. A combined summary of Employee Compensation and Benefits and Program Expenses by office is reflected on page 20-17!

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PROGRAM DIRECTION AND OTHER SERVICESExplanation of RequirementsFUNDS:

A. Employee Compensation and Benefits (1974 Actual, \$14,880,400; 1975 Estimate, \$15,493,381; 1976 Estimate, \$15,902,805; Increase, \$409,424).

<u>Office and Location</u>	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Pos.	Funds	Pos.	Funds	Pos.	Funds	Pos.	Funds
1. Domestic:								
Office of the Director	37	\$ 879,650	34	\$ 856,382	34	\$ 849,875	--	-\$6,507
Office of Policy and Plans	69	1,704,631	65	1,702,436	65	1,710,218	--	7,782
Office of Research	103	2,160,230	100	2,214,904	100	2,276,561	--	61,657
Office of Equal Employment Opportunity	4	94,250	5	118,313	5	132,735	--	14,422
Office of the General Counsel	18	375,035	18	405,470	18	423,703	--	18,233
Office of Public Information	11	212,950	11	256,039	11	267,466	--	11,427
U.S. Advisory Commission on Information	3	83,625	3	87,043	3	90,511	--	3,468
Office of Security	57	955,205	55	1,009,287	55	1,034,593	--	25,306
Office of Personnel and Training	119	2,179,269	114	2,265,472	114	2,319,316	--	53,844
Office of Administration and Management	385	6,032,684	375	6,390,041	375	6,601,339	--	211,298
Total, Domestic	806	14,677,529	780	15,305,387	780	15,706,317	--	400,930
2. Overseas Americans:								
(a) Regional Research Office in Germany	1	70,355	1	39,315	1	39,505	--	190
(b) Regional Executive Assistants in South Africa, Cameroon, Ivory Coast and Lebanon	4	78,110	4	87,055	4	89,910	--	2,855
(c) Regional Post Equipment Officer in Viet-Nam	1	36,285	1	39,115	1	40,215	--	1,100
Total, Overseas Americans	6	184,750	6	165,485	6	169,630	--	4,145

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PROGRAM DIRECTION AND OTHER SERVICES

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Pos.	Funds	Pos.	Funds	Pos.	Funds	Pos.	Funds
3. Local Employees:								
(a) Regional Research Office in Germany	1	\$ 7,480	1	\$ 10,425	1	\$ 12,569	--	\$ 2,144
(b) Regional Equipment Technician in Morocco	1	10,641	1	12,084	1	14,289	--	2,205
Total, Locals	2	18,121	2	22,509	2	26,858	--	4,349
Grand Total, Direct Obligations ...	814	14,880,400	788	15,493,381	788	15,902,805	--	409,424

The net increase of \$409,424 in 1976 results from increases of \$260,032 for restoration of normal employment levels; \$256,160 for the full-year costs of the Federal pay raise in 1975; \$123,514 for within-grade increases in 1976; \$62,065 for an additional extra day's pay in 1976; and \$4,349 for local employee wage scale increases. These increases are partially offset by full-year savings of \$296,696 resulting from a net reduction of 26 domestic positions in 1975.

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PROGRAM DIRECTION AND OTHER SERVICES

Explanation of Requirements

B. Program Expenses (1974 Actual, \$4,657,926; 1975 Estimate, \$4,252,142; 1976 Estimate, \$4,475,293; Increase, \$223,151).

The estimate provides funds for program expenses as follows:

<u>Office</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
1. Office of the Director	\$30,073	\$ 23,595	\$ 24,773	\$ 1,178	20-9
2. Office of Policy and Plans	223,817	234,226	243,158	8,932	20-9
3. Office of Research	809,107	648,480	650,630	2,150	20-9
4. Office of Equal Employment Opportunity	5,459	7,190	7,662	172	20-11
5. Office of the General Counsel	8,405	6,682	6,878	196	20-11
6. Office of Public Information	29,213	29,390	29,475	85	20-11
7. U.S. Advisory Commission on Information	1,512	4,094	4,094	—	20-11
8. Office of Security	458,415	404,458	522,060	117,602	20-12
9. Office of Personnel and Training	116,875	114,802	115,952	1,150	20-14
10. Office of Administration and Management	2,975,050	2,778,925	2,870,611	91,686	20-14
Total, Gross Funds	<u>4,657,926</u>	<u>4,252,142</u>	<u>4,475,293</u>	<u>223,151</u>	

The net increase of \$223,151 is requested to provide increases of:

- (a) \$117,075 for increased reimbursement to the Civil Service Commission for security investigations related to a one-time savings in 1975 from position reductions (\$66,425); for an investigation rate increase (\$50,025); and new requirements for positions added elsewhere in this budget (\$2,900). These increases are partially offset by savings of \$2,275 due to a higher case rate in effect for part of 1975;
- (b) \$68,155 for restoration of travel and administrative supply and equipment levels;
- (c) \$29,175 for increased reimbursement to the Employee Compensation Fund of the Department of Labor;
- (d) \$27,883 for net increased reimbursements to the General Services Administration primarily for a Centrex rate increase;
- (e) \$16,745 for anticipated increases in international air fares; and
- (f) \$2,500 for an increase in Entertainment in the U.S., which has been limited to \$500 since FY 1958.

These increases are partially offset by non-recurring costs of \$38,382 related to the Agency's data processing system.

PROGRAM DIRECTION AND OTHER SERVICES

1. Office of the Director (1974 Actual, \$30,073; 1975 Estimate, \$23,595; 1976 Estimate, \$24,773; Increase, \$1,178).

These funds provide for: travel in the United States by the Director and his staff for consultation with public and private officials regarding the Agency's programs; travel by Agency consultants; overseas travel by the Director and his staff for consultation and conferences with U.S. and Embassy officials; and for miscellaneous program expenses. The increase of \$1,178 is requested for anticipated increases in the cost of international air fares.

2. Office of Policy and Plans (1974 Actual, \$223,817; 1975 Estimate, \$234,226; 1976 Estimate, \$243,158; Increase, \$8,932).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Travel and Policy Materials	\$ 39,625	\$ 35,309	\$ 35,731	\$ 422
b. Inspection and Audit Travel	73,348	105,668	114,178	8,510
c. Foreign Correspondents Program	110,844	93,249	93,249	—
Total	223,817	234,226	243,158	8,932

The 1976 estimate provides \$35,731 for travel within the U.S. and overseas for policy and program direction and for attendance at meetings relevant to Agency operations; \$81,792 for the overseas travel of Agency inspectors and public members of Agency inspection teams; \$32,386 for the overseas and domestic travel of Agency auditors; and \$93,249 for the conduct of orientation programs in the U.S. for foreign correspondents from major media institutions abroad, and for program materials for the operation of the Foreign Press Centers in New York and Washington. The increase of \$8,932 is requested to provide \$5,752 for anticipated increases in the cost of international air fares and \$3,180 for restoration of Inspection travel.

3. Office of Research (1974 Actual, \$809,107; 1975 Estimate, \$648,480; 1976 Estimate, \$650,630; Increase, \$2,150).

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Travel	\$74,895	\$ 62,586	\$ 64,563	\$ 1,977
b. Library Supplies and Reference Materials....	78,852	55,335	55,335	—
c. Research Studies	632,082	521,180	521,180	—
d. Regional Research Operations	23,278	9,379	9,552	173
Total	809,107	648,480	650,630	2,150

PROGRAM DIRECTION AND OTHER SERVICES

- a. Travel: The 1976 estimate provides \$64,563 for travel within the United States and overseas for the initiation and supervision of research studies and for consultation with private research institutions. The increase of \$1,977 is requested for anticipated increases in the cost of international air fares.
- b. Library Supplies and Reference Materials: The 1976 estimate provides \$42,526 for reference and research materials for the Agency library and its branches, \$4,751 for staff-use subscriptions, and \$8,058 for library supplies and equipment.
- c. Research Studies: Research studies are designed to assess the reach and impact of Agency programs, to identify target audiences, and to evaluate the attitudes of specific overseas audiences which are important to USIA objectives. The 1975 and 1976 estimates provide \$521,180 for research studies as follows:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
1. Product and Activity Research				
(a) Radio	\$203,849	\$177,600	\$189,980	\$12,380
(b) Film and Television	54,871	76,800	69,800	-7,000
(c) Publications	64,194	24,200	26,400	2,200
(d) Cultural and Related Post Activities	44,380	42,200	44,000	1,800
Sub-total	367,294	320,800	330,180	9,380
2. Public Opinion and Attitude Studies	149,228	80,800	92,000	11,200
3. Research on Audiences and Media Environment	<u>115,560</u>	<u>119,580</u>	<u>99,000</u>	<u>-20,580</u>
Total	632,082	521,180	521,180	—

- d. Regional Research Operations: The 1976 estimate provides \$9,552 for the operating expenses of a regional research office in Munich, Germany to assist USIS posts in performing and interpreting local research projects and in administering Agency research studies in the field. The increase of \$173 is requested for anticipated increases in the cost of international air fares.

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PROGRAM DIRECTION AND OTHER SERVICES

4. Office of Equal Employment Opportunity (1974 Actual, \$5,459; 1975 Estimate, \$7,490; 1976 Estimate, \$7,662; Increase, \$172).

These funds provide for travel within the U.S. and overseas for the conduct of seminars and programs on equal employment opportunity, consultation with posts on EEO matters, implementation of the Affirmative Action Plan and the EEO program within the Agency and for miscellaneous program expenses. The increase of \$172 is requested for anticipated increases in the cost of international air fares.

5. Office of the General Counsel (1974 Actual, \$8,405; 1975 Estimate, \$6,682; 1976 Estimate, \$6,878; Increase, \$196).

These funds provide for travel within the United States and overseas for consultation and negotiations on Agency contracts and other legal matters and for miscellaneous program expenses. The increase of \$196 is requested for anticipated increases in the cost of international air fares.

6. Office of Public Information (1974 Actual, \$29,213; 1975 Estimate, \$29,390; 1976 Estimate, \$29,475; Increase, \$85).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Travel	\$ 2,454	\$ 3,373	\$ 3,458	\$ 85
Printing of Publications	14,121	16,969	16,969	—
Exhibits in Agency Buildings	6,442	6,400	6,400	—
Miscellaneous Services	6,596	2,648	2,648	—
Total	29,213	29,390	29,475	85

These funds provide for travel of staff members; for materials needed to answer requests from the American public and news media for information about the Agency; for printing of the Agency's newsletter and report to congress; and for maintenance of exhibits in Agency buildings. The increase of \$85 is requested for anticipated increases in the cost of international air fares.

7. U.S. Advisory Commission on Information (1974 Actual, \$1,512; 1975 Estimate, \$4,094; 1976 Estimate, \$4,094; No Change).

These funds provide for travel by Commission members and staff officers of the Secretariat to attend monthly meetings of the Commission, to study and inspect Agency operations overseas and for miscellaneous program expenses. No change is proposed for 1976 from the 1975 budgeted amount.

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PROGRAM DIRECTION AND OTHER SERVICES

8. Office of Security (1974 Actual, \$458,415; 1975 Estimate, \$404,458; 1976 Estimate, \$522,060; Increase, \$117,602).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Travel	\$26,877	\$ 14,211	\$ 14,738	\$ 527
b. Security Investigations	381,575	369,400	486,475	117,075
c. Security Equipment, Supplies and Services .	49,963	20,847	20,847	—
Total	458,415	404,458	522,060	117,602

- a. Travel: These funds provide for trips within the United States for suitability and security investigations, physical and security inspection of domestic sites, and pre-employment interviews of Foreign Service applicants; and for overseas trips to inspect security arrangements and conduct necessary investigations. The increase of \$527 is requested for anticipated increases in the cost of international air fares.
- b. Security Investigations: Public Law 402 requires full field investigations of all citizens or residents of the United States employed by the Agency. The investigations are conducted primarily by the Civil Service Commission on a reimbursable basis. The rate charged per case was \$675 in 1974 and the first month of 1975, and \$650 for the remainder of 1975. The Civil Service Commission estimates that the rate for 1976 will be increased to \$725.

The number of cases is based on: (1) recruitment to fill vacancies resulting from turnover (8% in the Foreign Service and 13% for Civil Service) and to fill new positions; and (2) the number of investigations, on the average, required to fill a vacancy or new position (1.2 for the Foreign Service and 1.3 for the Civil Service). Purchase order vendor and miscellaneous cases are based on experience.

The following table reflects the 1975 and 1976 estimated requirements:

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PROGRAM DIRECTION AND OTHER SERVICES

Summary of Estimated Security Investigation Costs

<u>Type of Case</u>	1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Cases	Amount	Cases	Amount	Cases	Amount
<u>Continuing Requirements</u>						
Foreign Service	209	\$136,650	204	\$147,900	-5	\$11,250
Civil Service	354	231,575	348	252,300	-6	20,725
Purchase Order Vendors and Other	115	74,750	115	83,375	--	8,625
Total, Continuing	678	442,975	667	483,575	-11	40,600
<u>Program Changes</u>						
<u>Reductions</u>						
Foreign Service	-53	-35,775	-5	-3,625	48	32,150
Civil Service	-56	-37,800	-3	-2,175	53	35,625
Sub-total, Reductions	-109	-73,575	-8	-5,800	101	67,775
<u>Additions</u>						
Foreign Service	--	--	12	8,700	12	8,700
Civil Service	--	--	--	--	--	--
Sub-total, Additions	--	--	12	8,700	12	8,700
Total, Program Changes	-109	-73,575	4	2,900	113	76,475
Grand Total	569	369,400	671	486,475	102	117,075

The increase of \$117,075 results from increases of \$66,425 related to a one-time savings in 1975 from position reductions; \$50,025 for the investigation rate increase; and a net increase of \$2,900 for positions added elsewhere in this budget mainly for the proposed increase in the Exchange of Persons Program, partially offset by savings of \$2,275 due to a higher case rate in effect for part of 1975. The Department of State will reimburse the Agency for the increased support to the Exchange Program.

- c. Security Equipment, Supplies and Services: These funds provide for contractual security services; purchase and maintenance of security equipment for the protection of Agency property and classified data; and for miscellaneous program expenses. No change is proposed for 1976 from the 1975 budgeted amount.

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PROGRAM DIRECTION AND OTHER SERVICES

9. Office of Personnel and Training (1974 Actual, \$116,875; 1975 Estimate, \$114,802; 1976 Estimate, \$115,952; Increase, \$1,150).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Travel	\$53,833	\$ 2,516	\$ 53,666	\$ 1,150
b. Personnel Management Expenses	<u>63,042</u>	<u>62,286</u>	<u>62,286</u>	--
Total	116,875	114,802	115,952	1,150

- a. Travel: These estimates provide travel funds for personnel recruitment, secretarial appointment, Agency members assigned to career service oral examination boards, career management and assignment of Foreign Service personnel, certain candidates for Foreign Service positions, and all other administrative activities of the office. The increase of \$1,150 is requested for anticipated increases in the cost of international air fares.
- b. Personnel Management Expenses: The 1976 estimate of \$62,286 provides \$42,187 for the fees of public members and salaries of State Department officers participating in the Agency's Foreign Service selection boards; and \$20,099 for other costs, primarily recruitment materials and the Agency's employee incentive awards program. No change is proposed for 1976 from the 1975 budgeted amount.

10. Office of Administration and Management (1974 Actual, \$2,975,050; 1975 Estimate, \$2,778,925; 1976 Estimate, \$2,870,611; Increase, \$91,686).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Administrative Travel	\$104,385	\$105,675	\$115,106	\$9,431
b. Entertainment in the United States	500	500	3,000	2,500

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PROGRAM DIRECTION AND OTHER SERVICES

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
c. Administrative Non-Salary Expenses:				
Public Transportation	\$ 49,605	\$ 54,687	\$ 54,687	\$ --
Administrative Printing and Printed Materials	24,881	28,170	28,170	--
Packing and Crating Materials	88,337	87,908	87,908	--
Central Reproduction	304,927	271,836	286,836	15,000
Office Furniture and Equipment	280,188	106,160	131,160	25,000
Administrative Supplies and Materials	149,030	112,187	132,187	20,000
Communication Expenses	1,169,570	1,220,098	1,247,981	27,883
Space Management and Building Expenses	297,846	81,212	81,212	--
Miscellaneous Services	277,122	326,429	355,604	29,175
Finance and Data Processing	157,346	303,712	265,330	-38,382
Sub-total, Administrative Non-Salary Expenses	2,798,852	2,592,399	2,671,075	78,676
d. Regional Services	<u>71,313</u>	<u>80,351</u>	<u>81,430</u>	<u>1,079</u>
Total	2,975,050	2,778,925	2,870,611	91,686

- a. **Travel:** These funds provide for trips overseas and within the United States for all activities of the Office of Administration and Management. The increase of \$9,431 is requested to provide \$4,456 for anticipated increases in the cost of international air fares and \$4,975 for restoration of travel levels.
- b. **Entertainment in the United States:** These funds provide for entertainment expenses in the United States in connection with Agency programs. Reimbursement for this type of expense is made after careful review of vouchers submitted by officials incurring the costs. Each voucher details the purpose of the expense, the names of the guests, and the type of function held. The requested increase of \$2,500 in this limitation, which has remained at \$500 since 1958, will provide funds to meet the considerable requirements for official entertainment made upon the Director, the Deputy Director, the staff of the Agency's Foreign Correspondents Centers and other officers of the Agency. These officials meet with foreign journalists, visiting foreign officials, media and other officials interested in and important to Agency operations. For years, Agency officers have invested significant sums of their own to establish and maintain these contacts. The requested increase will offset some part of these personal expenditures and enable Agency officials to develop broader program contacts, particularly among foreign journalists in Washington and New York.

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c. Administrative Non-Salary Expenses: These funds provide for basic administrative non-salary expenses for Agency operations in the United States. The net increase of \$78,676 consists of the following:

- (1) \$27,883 for increased reimbursement to the General Services Administration for a Centrex rate increase (\$39,983) offset, in part, by a Federal Telecommunications System decrease (-\$12,100);
- (2) \$60,000 for restoration of administrative supply and equipment levels; and
- (3) \$29,175 for increased reimbursement to the Employee Compensation Fund of the Department of Labor.

These increases are partially offset by a reduction of \$38,382 for non-recurring costs related to the Agency's data processing system.

d. Regional Services: These funds provide for the travel and allowances of Regional Executive Assistants in South Africa, Cameroon, Ivory Coast and Lebanon, a Regional Post Equipment Officer in Viet-Nam and a Regional Equipment Technician in Morocco who assist USIS posts that do not have staff performing these functions. The increase of \$1,079 is requested for anticipated increases in the cost of international air fares.

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PROGRAM DIRECTION AND OTHER SERVICESSummary of Requirements by Office

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
POSITIONS:				
Domestic	806	780	780	--
Overseas Americans	6	6	6	--
Local Employees	2	2	2	--
Total, Positions	814	788	788	--
FUNDS:				
Office of the Director	\$ 909,723	\$ 879,977	\$ 874,648	-\$5,329
Office of Policy and Plans	1,928,448	1,936,662	1,953,376	16,714
Office of Research	3,047,172	2,913,124	2,979,265	66,141
Office of Equal Employment Opportunity	99,709	125,803	140,397	14,594
Office of the General Counsel	383,440	412,152	430,581	18,429
Office of Public Information	242,163	285,429	296,941	11,512
U.S. Advisory Commission on Information	85,137	91,137	94,605	3,468
Office of Security	1,413,620	1,413,745	1,556,653	142,908
Office of Personnel and Training	2,296,144	2,380,274	2,435,268	54,994
Office of Administration and Management	9,132,770	9,307,220	9,616,364	309,144
Total Funds, Gross	19,538,326	19,745,523	20,378,098	632,575
Deduct Reimbursements	-25,239	-12,573	-16,198	-3,562
Total, Direct Obligations	19,513,087	19,732,950	20,361,900	628,950
Deduct Proposed Pay Act Supplemental	XXX	-539,600	XXX	XXX
Total, 1975 Enacted Appropriation	XXX	19,193,350	XXX	XXX

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SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
Summary of Requirements.....	\$ 23,298,059	\$ 30,338,283	\$ 36,379,700	\$ 6,041,417	

General Statement

The Agency reimburses the Department of State for a share of the cost of the Department's administrative operations. The Agency also reimburses the General Services Administration for space and standard levels of service provided under the Federal Building Fund Standard Level User Charge (SLUC) which was established in 1975.

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
Reimbursement to Department of State for Shared Administrative Support.....	\$ 23,298,059	\$ 25,474,895	\$ 28,705,400	\$ 3,230,505	21-1
Reimbursement to General Services Administration for Standard Level User Charge.....	--	4,863,388	7,674,300	2,810,912	
Total, Direct Obligations.....	23,298,059	30,338,283	36,379,700	6,041,417	21-6
Deduct Proposed Pay Act Supplemental.....	XXX	-313,200	XXX	XXX	
Total, 1975 Enacted Appropriation.....	XXX	30,025,083	XXX	XXX	

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A. Reimbursement to the Department of State

The Agency reimburses the Department of State for a share of the cost of the Department's administrative operations. Costs to the Agency for this item are estimated on the basis of administrative services provided to the Agency by the Department of State. These support services fall into three categories: (1) the full range of administrative services overseas for USIS missions, radio relay stations, radio program centers, press regional services centers and other overseas operations; (2) services in the United States in support of the overseas shared administrative personnel, including medical costs, home leave and transfer costs, pouch costs, personnel and fiscal support, and

SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

post management; and those which support overseas Agency operations, including communications between the Agency and its overseas posts, language and area training, medical services and regional finance centers support; and (3) services in support of Agency operations in the United States including translations, the Board of Examiners for the Foreign Service, and records service. Funds for this activity are also reflected under the Special Foreign Currency Appropriation.

In 1974 the Agency paid its proportionate share of local administrative support expenses in U.S.-owned currencies in Burma, Guinea, India, Pakistan, the Arab Republic of Egypt, Tunisia, and Poland. This arrangement will continue in 1975 and 1976.

Summary of Requirements

<u>Administrative Support Category</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
At Overseas Posts.....	\$ 18,653,443	\$ 20,429,644	\$ 23,402,093	\$ 2,972,449
In the U.S., Overseas Operations.....	5,228,434	5,665,458	5,960,348	294,890
In the U.S., Agency Operations.....	171,611	188,496	192,746	4,250
Total, Funds.....	24,053,488	26,283,598	29,555,187	3,271,589
Deduct Reimbursements.....	-755,429	-808,703	-849,787	-41,084
Total, Direct Obligations.....	23,298,059	25,474,895	28,705,400	3,230,505
Deduct Proposed Pay Act Supplemental.....	XXXX	-313,200	XXX	XXX
Total, 1975 Enacted Appropriation.....	XXXX	25,161,695	XXX	XXX

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Explanation of Requirements

1. At Overseas Posts (1974 Actual, \$18,653,443; 1975 Estimate, \$20,429,644; 1976 Estimate, \$23,402,093; Increase, \$2,972,449.

<u>Activity</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. <u>USIS Mission Operations:</u>				
East Asia and Pacific.....	\$ 3,096,275	\$ 3,534,896	\$ 3,882,816	\$ 347,920
Africa.....	3,165,200	3,162,700	3,454,777	292,077
North Africa, Near East, and South Asia.....	2,616,575	2,928,777	3,343,942	415,165
Latin America.....	2,897,985	3,189,448	3,909,188	719,740
West Europe.....	3,841,903	4,230,582	4,880,089	649,507
Special European Program.....	278,968	314,836	426,598	111,762
Soviet Union and East Europe.....	1,206,757	1,319,505	1,503,638	184,133
Sub-total, USIS Mission Operations.....	<u>17,103,663</u>	<u>18,680,744</u>	<u>21,401,048</u>	<u>2,720,304</u>
b. <u>Radio Installations.....</u>	1,230,872	1,426,000	1,628,700	202,700
c. <u>Press Installations.....</u>	309,319	312,000	360,000	48,000
d. <u>Regional Research Office.....</u>	9,589	10,900	12,345	1,445
Total, Overseas Support.....	<u>18,653,443</u>	<u>20,429,644</u>	<u>23,402,093</u>	<u>2,972,449</u>

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SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

A net increase of \$2,972,449 is requested for FY 1976. This increase will provide \$2,680,212 for local employee wage scale increases and cost increases for administrative materials and services which the Department of State provides the Agency overseas. Data supplied by the Department have been used by the Agency in requesting these increases in the budget. Other increases are requested to provide \$72,400 for within-grade increases for American and local employees of the Department; \$53,212 for an additional extra day's pay in 1976; \$99,625 for the full-year costs of the October 13, 1974 Federal pay raise; and full-year support costs of \$80,000 for the new establishments opened in 1975 in East Berlin, (\$55,000), Lourenco Marques (\$15,000), Bratislava (\$5,000), and Sarajevo (\$5,000). In addition, an increase of \$20,000 is requested to support the proposed new facilities at Alexandria, Arab Republic of Egypt (\$10,000) and Kiev, the U.S.S.R. (\$10,000).

These increases are partially offset by full-year savings of \$33,000 associated with the reduced program levels in Viet-Nam (-\$24,000) and Burundi (-\$9,000). The table below summarizes the net changes in overseas support by Agency program receiving the support.

Explanation of Requirements

	Within-grade October 1974		Additional			Total Requirements	
	Overseas Increases Wage	Cost	Salary Increases	Federal Pay Raise	Extra Day's Pay		
East Asia & Pacific.....	\$ 149,000	\$ 193,000	\$ 6,820	\$ 17,100	\$ 6,000	\$-24,000	\$ 347,920
Africa.....	24,000	236,257	6,920	15,900	3,000	6,000	292,077
North Africa, Near East, & South Asia	81,576	285,000	9,350	18,500	10,739	10,000	415,165
Latin America.....	426,000	253,000	14,240	15,500	11,000	—	719,740
West Europe.....	407,322	190,505	20,200	17,600	13,880	—	649,507
Special European Program.....	34,878	18,274	1,590	900	1,120	55,000	111,762
Soviet Union and East Europe.....	113,750	33,250	7,260	6,500	3,373	20,000	184,133
Radio Installations.....	90,200	99,400	3,900	5,800	3,400	—	202,700
Press Installations.....	39,700	3,800	2,000	1,800	685	—	48,000
Regional Research Office.....	800	500	120	25	15	—	1,445
Total.....	1,367,226	1,312,986	72,400	99,625	53,212	67,000 ^a	2,972,449

^a/ The net increase of \$67,000 represents full-year support costs of \$80,000 for new posts established in 1975 at East Berlin (\$55,000), Lourenco Marques (\$15,000), Bratislava (\$5,000), and Sarajevo (\$5,000); and an increase of \$20,000 for the proposed new facilities at Alexandria, (\$10,000) and Kiev (\$10,000). These increases are offset in part by full-year savings of \$33,000 resulting from the closing of five posts in 1975 in Viet-Nam (-\$24,000) and Burundi (-\$9,000).

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SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

2. In the U.S., Overseas Operations (1974 Actual, \$5,228,434; 1975 Estimate, \$5,665,458; 1976 Estimate, \$5,960,348;
Increase \$294,890).

These estimates provide for Department of State costs against central accounts, primarily for costs in the U.S. for support to the overseas shared administrative program of the Department; support to Agency operations overseas; and training under programs administered by the Foreign Service Institute. The following items are included:

	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Foreign Service Institute:				
Overseas area-language training.....	\$ 139,789	\$ 160,000	\$ 160,000	\$ —
Washington area-language training.....	326,461	385,939	385,939	—
Other training.....	57,250	72,460	72,460	—
Sub-total.....	523,500	618,399	618,399	—
b. General Administrative Services.....	905,120	971,200	993,200	22,000
c. Regional Finance Centers.....	583,951	626,600	742,160	115,560
d. Communication Costs.....	1,276,143	1,365,400	1,410,400	45,000
e. Shared Staff Home Leave and Transfer Costs.....	1,161,930	1,249,259	1,341,489	92,230
f. Medical Costs.....	496,166	532,400	538,300	5,900
g. Motor Vehicle Replacement.....	181,524	194,800	200,800	6,000
h. Marine Guard Travel.....	100,100	107,400	115,600	8,200
Total.....	5,228,434	5,665,458	5,960,348	294,890

The increase of \$294,890 is requested to provide \$13,400 for within-grade salary increases; \$114,960 for local wage scale increases at the Paris Regional Finance Center; \$27,330 for the full year costs of the October 13, 1974 Federal pay raise; \$5,600 for an additional extra day's pay in 1976; \$58,350 for the increased cost of international air travel; and \$75,250 for the increased cost of international shipping.

SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

3. In the U.S., Agency Operations (1974 Actual, \$171,611; 1975 Estimate, \$188,496; 1976 Estimate, \$192,746; Increase, \$4,250).

This item covers costs to the Department of State against Washington accounts for administrative support to Agency operations in the United States. The following services are included in the estimates:

Type of Service	1974 Actual	1975 Estimate	1976 Estimate	Increase or Decrease (-)
a. Translating Services.....	\$ 21,199	\$ 22,700	\$ 22,700	\$ —
b. Records Services.....	14,136	15,000	15,600	600
c. Board of Examiners.....	121,156	134,796	137,696	2,900
d. Health Room.....	15,120	16,000	16,750	750
Total.....	<u>171,611</u>	<u>188,496</u>	<u>192,746</u>	<u>4,250</u>

The increase of \$4,250 provides for built-in changes in salaries.

B. Reimbursement to General Services Administration

The Agency reimburses the General Services Administration under the Federal Building Fund Standard Level User Charge (SLUC) system for space and for standard levels of service provided in Agency occupied buildings under the control of the Administrator of General Services. The basic SLUC rate relates to the effort necessary to service a five-day week, one shift operation. The rate varies from building to building and approximates commercial charges for equivalent office space, storage space and special space such as studios for the Voice of America and Motion Picture and Television Service; the Press and Publications Service's wireless file room and the Agency's automatic data processing center. The rate also covers basic security, cleaning, heating and air conditioning, and maintenance and repair of all mechanical and electrical equipment.

In addition to the basic SLUC charges, these estimates cover fees to be paid to GSA for services supplied to Agency operations that extend beyond the normal 40-hour week (e.g., Voice of America, Operations Center, Wireless File) and other special services. The rates established for each type of space in a building are based on the geographic location and the quality rating of that building. The 1976 estimate of \$7,674,300 is requested to provide space and services at the following locations for Agency personnel and facilities:

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SUPPORT FROM THE DEPARTMENT OF STATE AND GENERAL SERVICES ADMINISTRATION

<u>Name of Building</u>	<u>Address</u>	<u>Primary Occupants</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
1. Washington Locations					
1776 Pennsylvania Avenue	1776 Penna. Ave., N.W.	IPS, IOA, IPT	\$ 850,010	\$ 1,106,584	\$ 256,574
1750 Pennsylvania Avenue	1750 Penna. Ave., N.W.	I, IOP, IOR, Area Assist. Directors	728,919	879,883	150,964
HEW North	4th and C Sts., S.W.	IBS	992,515	2,453,904	1,461,389
HEW South	3rd and C Sts., S.W.	IBS	94,158	—	-94,158
Bernstein Office Bldg.	25 M Street, S.W.	IBS	186,502	—	-186,502
Matomic Building	1717 H Street, N.W.	ICS	301,466	373,486	72,020
Patrick Henry Building	6th and D Streets, N.W.	IMW	635,967	723,863	87,896
Navy Yard	Navy Yard	IOA	72,153	188,857	116,704
Auditors Building	14th and C Streets, S.W.	IPS	61,215	95,792	34,577
National Press Building	14th and F Streets, N.W.	IOP	11,869	16,069	4,200
Sub-total, Washington.....			3,934,774	5,838,438	1,903,664
2. New York Locations	Five Locations	IOA, ICS, IBS, IMW	888,528	1,789,501	900,973
3. VOA Correspondent Staffs					
Miami, Florida	51 S.W. First Avenue	IBS	18,284	18,150	-134
Chicago, Illinois	219 S. Dearborn Street	IBS	2,876	3,061	185
Los Angeles, California	11000 Wilshire Blvd.	IBS	18,926	25,150	6,224
Sub-total, VOA Correspondent Staffs.....			40,086	46,361	6,275
Total.....			4,863,388	7,674,300	2,810,912

The net increase of \$2,810,912 is requested to provide:

- (a) \$1,944,015 to reflect GSA's revised system of rating existing buildings for quality and measuring and classifying space currently occupied by USIA, and
- (b) \$866,897 to cover the net increase of obtaining and renovating additional studio and office space for the Voice of America in the Health, Education and Welfare North Building where the VOA studios and most offices are currently located. The additional space is required to consolidate VOA activities into one building and to provide partial relief to VOA's seriously overcrowded working conditions.

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Mr. FLYNT. The amount requested for salaries and expenses for fiscal year 1976 is \$246,984,000, an increase of \$28,522,000 over the amount appropriated to date for the fiscal year.

POSITIONS AND VACANCIES

How many positions are authorized under both salaries and expenses appropriation items?

Mr. KEOGH. Let me ask Mr. Silverman to answer that.

Mr. SILVERMAN. In 1975 the total number of positions authorized is 9,212 under those two accounts.

Mr. FLYNT. That is for both?

Mr. SILVERMAN. Yes, sir.

Mr. FLYNT. How many of these authorized positions are Americans? How many are foreign nationals?

Mr. SILVERMAN. Of that total, sir, 4,189 are Americans in the United States and abroad, and 5,023 are locals in various countries abroad.

Mr. FLYNT. How many vacancies exist at the present time?

Mr. SILVERMAN. On March 31, sir, we had 563 vacancies in that total number of 9,212 positions.

ADDITIONAL POSITIONS REQUESTED

Mr. FLYNT. How many additional positions are you requesting in both items?

Mr. SILVERMAN. Sir, 16 additional positions in 1976 for those two accounts.

Mr. FLYNT. Could you explain now, or if you wish, for the record, why you are requesting 16 additional positions when you have as many as 500 unfilled positions at the present time?

Mr. SILVERMAN. Sir, the 16 specific positions we are requesting in this instance relate entirely to additional support to be rendered to the Department of State in connection with their added programs, or increased requests in the exchange of persons program. Therefore, they would take on different functions than the vacancies we now have which we are striving to fill.

We are also asking for 16 additional positions for ourselves in 1976 but we are making other adjustments and reducing by 16 elsewhere to accommodate those.

Mr. FLYNT. You are making room for the 16 that you are requesting for your own functions through attrition?

Mr. SILVERMAN. Yes, sir.

Mr. FLYNT. Out of the present authorization?

Mr. SILVERMAN. Yes, sir. In addition, sir, in the special international exhibits account, upon completion of the Okinawa Fair 24 positions will be eliminated in 1976 so that even these 16 being requested for the Department of State's program will be more than offset by that.

Mr. FLYNT. Why should these 16 new positions which you are requesting to support Department of State operations come out of the USIA budget instead of out of the Department of State budget?

Mr. SILVERMAN. The funds will come from the Department of State. Their budget increase includes funds to reimburse us for those posi-

tions but the positions, as the Director said earlier, are part of the USIA complement and therefore the positions have to be added to our account.

Mr. FLYNT. Even though you are requesting 16 new positions for support of the Department of State functions, they will not be chargeable to your budget but will be financed on a reimbursable basis?

Mr. SILVERMAN. Yes, sir.

Mr. FLYNT. Of the 16 new positions which you are requesting, how many are Americans and how many locals?

Mr. SILVERMAN. Sir, there are four Americans and 12 foreign national employees.

LOCAL EMPLOYEE SALARY CEILING

Mr. FLYNT. Is there any ceiling on the amount that may be paid to local employees?

Mr. SILVERMAN. Sir, there has recently been established by the Department of State a ceiling of \$35,900. I believe it was instituted in April, setting the maximum pay for a local employee at \$100 less than the Chief of Mission of a class 4 Department of State mission operation. Up until that date there was no ceiling on local employees salaries.

INCREASES IN LOCAL EMPLOYEE SALARY COSTS

Mr. FLYNT. Are you finding that the cost of employing competent and well-qualified local employees has increased during the past 12 months?

Mr. KEOGH. Yes, Mr. Chairman. That cost has been increasing now for a number of years and increased sharply in the last several months.

Mr. FLYNT. Are there any particular geographical areas in which this is especially true, or is it more worldwide?

Mr. KEOGH. It is really worldwide. However, one should point out that West Europe is the most extreme situation. However, the effect is felt around the world.

Mr. FLYNT. What about Japan?

Mr. KEOGH. Japan also.

Mr. FLYNT. Do you want to make any further comment at this time? You might want to expand on that for the record, if you desire.

Mr. KEOGH. Yes, sir. We may wish to do that. For the moment, I would simply reemphasize that it is a growing problem for us and one that we have been trying to assess. The principle that it was possible to hire local talent at a much lower cost is really changing rapidly. It is a problem we are facing almost everywhere in the world.

[The following information was provided:]

INCREASES IN LOCAL EMPLOYEE SALARY COSTS

In West Europe, the average salary cost for a local employee has been increasing sharply in the past 5 years. In 1971, the average local employee was paid \$5,751. As a result of both dollar devaluation and a double-digit inflation rate in most of Europe, the average local salary cost will have risen to \$13,066 by 1976, an increase of over 127 percent since 1971! During this same period, the percentage of the total Agency budget for West European programs that is required for local salary costs has also risen from 37.0 percent in 1971 to 44.8 percent in 1976. In Japan, the average local salary shows an even greater increase, from \$5,150 to \$15,599, up 203 percent.

This trend of increasing local salary costs has also been experienced in other parts of the world. The average salary cost for our total worldwide local employee complement, including Europe and Japan, has more than doubled since 1971.

HIGHEST PAID FOREIGN NATIONAL EMPLOYEE

Mr. FLYNT. Who is the highest paid foreign national local working for USIA?

Mr. SILVERMAN. The highest paid local employee works for the Geneva special operation we have to support the International Conference's operation there.

Mr. FLYNT. Is he a Swiss national? What nationality is he?

Mr. SILVERMAN. I believe he is a Swiss national. I would have to review that. A check indicates that he is a Canadian citizen.

Mr. FLYNT. Verify that for the record.

What is his salary?

Mr. SILVERMAN. It was, up until the recent ceiling that was imposed, slightly in excess of \$43,000.

Mr. FLYNT. Will that be reduced pursuant to the ceiling or is it grandfathered in?

Mr. SILVERMAN. No, sir, it is reduced.

Mr. FLYNT. Are there any additional foreign national locals besides the one in Geneva who are at the present time receiving more than \$36,000 pay?

Mr. SILVERMAN. No, sir.

DETERMINATION OF LOCAL EMPLOYEE SALARY RATES

Mr. FLYNT. How are the salary rates determined for local employees?

Mr. SILVERMAN. The salaries for local employees abroad are set under a wage survey system conducted by the Department of State in each country comparing the salaries of comparable occupations in the country with those occupations employed by the U.S. Government. They then set a wage standard for all parts of the U.S. mission, including the U.S. Information Service. Those surveys are conducted periodically, especially in the light of inflation abroad, and they make recommendations for changes in those pay scales as necessary to bring them into agreement with the local situation in the country.

Mr. FLYNT. Are these determinations made in consultation with the appropriate representatives of the government of the host country?

Mr. SILVERMAN. I am sure, but I would have to check. There are contacts made with the local governments. I am not sure to what degree.

Mr. FLYNT. Are contacts made and information requested from employers in the private sector as well as government officials?

Mr. SILVERMAN. Yes, sir, I believe there are.

POSITIONS FILLED BY FOREIGN NATIONALS

Mr. FLYNT. Would you submit for the record a list of positions which are filled by foreign nationals?

Mr. SILVERMAN. Yes, sir.

[The information requested follows:]

FUNCTIONS OF LOCAL EMPLOYEES

The Agency's authorized staff for fiscal year 1975 includes 5,043 local employee positions. Of these, 4,356 are shown under the "Salaries and Expenses," account, 687 under salaries and expenses—special foreign currency programs—and 20 under special international exhibitions. On a functional basis, the local employees are assigned as follows:

Budget element	Function							Total local employee positions
	Radio activities	Press and publications activities	Motion pictures and television activities	USIS centers, exhibits and related activities	Bina-national centers	Educational exchanges	Direction and general support	
Salaries and expenses (dollars and foreign currency):								
USIS Overseas Missions:								
East Asia and Pacific.....	41	263	100	337	6	30	168	945
Africa.....	8	96	46	155	18	51	374
North Africa, Near East, and South Asia.....	22	298	89	399	4	19	164	995
Latin America.....	46	186	111	175	25	31	66	640
West Europe.....	13	196	51	355	14	47	77	753
Special Europe.....	2	7	3	17	1	2	32
Soviet Union and East Europe.....	1	70	8	65	12	19	175
Subtotal.....	133	1,116	408	1,503	49	158	547	3,914
Media services:								
Press and publications service.....		296					296
Information center service.....				11			11
Broadcasting service.....	800							800
Subtotal.....	800	296	11			1,107
Program direction and other services.....							2	2
Total, salaries and expenses.....	933	1,412	408	1,514	49	158	549	5,023
Special international exhibitions.....				20			20
Grand total, local employee positions....	933	1,412	408	1,534	49	158	549	5,043

NUMBER OF POSTS

Mr. FLYNT. How many posts does USIA operate at the present time?

Mr. SILVERMAN. Sir, when the budget document was prepared—
Mr. FLYNT. Last fall?

Mr. SILVERMAN. Yes, sir, we had intended to be operating in 186 posts in fiscal year 1975.

Mr. FLYNT. Has that been reduced or increased?

Mr. KEOGH. That has been reduced.

Mr. FLYNT. By how many? Supply it for the record.
[The information requested follows:]

POST REDUCTIONS FISCAL YEAR 1975

Recent developments in Southeast Asia necessitated the closing of two USIS posts.

PROGRAMS IN SOUTHEAST ASIA

Mr. FLYNT. Earlier we mentioned Vietnam and Cambodia and we wonder what the situation is now in Laos?

Mr. KEOGH. Mr. Chairman, we are still operating in Laos. We have concern about what will happen there but as of today our operation continues as it has been before. We are on a day-to-day watch. We are hopeful we will be able to continue there.

Mr. FLYNT. Do you have an ongoing USIA program in Thailand and Burma?

Mr. KEOGH. Yes; we have such programs. We have a very considerable operation in Thailand.

Mr. FLYNT. How about Malaysia and Singapore?

Mr. KEOGH. Yes; we have very important operations in both of those countries.

REASSESSMENT OF SOUTHEAST ASIA PROGRAMS

Mr. FLYNT. Can you give us some indication of the outlook in that part of the world insofar as USIA programs are concerned?

What is your plan for revitalization and strengthening of that program in that part of the world?

Mr. KEOGH. Mr. Chairman, we are now in the process of preparing a precise statement of what we expect to do in funding in that part of the world, and we have not yet had time to have that prepared. We are hopeful we will be able to complete it next week. Of course, our whole problem is to reexamine what we should do in that part of the world now in the light of what has happened, where we should strengthen what we are doing on the periphery of Southeast Asia, where we can no longer operate in South Vietnam and in Cambodia, and we are at work on this project right now. We hope to be making a precise statement before the Office of Management and Budget next week.

Mr. FLYNT. Will you develop a contingency plan to reinstall USIA operations if and when diplomatic relations are restored where they have been broken off?

Mr. KEOGH. Yes, indeed, we will.

Mr. FLYNT. Will it be ready for immediate implementation?

Mr. KEOGH. We would certainly hope to have it in that condition.

VOA BROADCASTS TO SOUTHEAST ASIA

Mr. FLYNT. What are your plans in the meantime on continuing, increasing, and intensifying VOA broadcasts to these countries?

Mr. KEOGH. We are now in the process of studying whether we should change our broadcast pattern to Vietnam and Cambodia. At the moment we have continued them at the same level as they have been in the past months. The question now is whether we should increase our broadcasting hours to those two countries since we have no other means now of communicating with them. We have not yet made a determination on that point. We are continuing our present broadcasting schedule to Thailand and to Laos.

The question that we will need to study is whether we should make changes in both of those countries in our broadcast schedules. The more important question we must answer, however, is what to do about the Vietnamese and Cambodian broadcasts.

Mr. FLYNT. Will you supply for the information of the committee transcripts of VOA broadcasts in Southeast Asia, showing any difference in transcripts between different countries in Southeast Asia during the period May 13 through 17?

Mr. KEOGH. Yes, sir.

NEW POSTS

Mr. FLYNT. Do you anticipate adding any new USIA posts during fiscal year 1976?

Mr. KEOGH. Yes; we do. We anticipate adding a new post in Alexandria, Egypt, and Kiev in the Soviet Union.

Mr. FLYNT. Is that in the Ukraine?

Mr. KEOGH. Yes; it is.

Mr. FLYNT. Those two?

Mr. KEOGH. Yes, sir.

Mr. FLYNT. If you have any others under consideration, will you supply those additional posts that you have under consideration but have not made plans to open?

Mr. KEOGH. Yes, sir, we will.

[The information follows:]

NEW POSTS UNDER CONSIDERATION

In recognition of changing political and economic conditions the Department of State has urged us to open new posts in several sensitive areas of the world. We have under consideration new USIS post operations in Port Moresby, Papua, New Guinea; Auckland, New Zealand; Luanda, Angola; and Manama, Bahrain.

POST IN DUBLIN, IRELAND

Mr. KEOGH. There is one other matter that I should mention, and that is our changed status in Dublin, Ireland, where previously the work of USIA was carried on under the State Department. That pattern has changed and we will be operating there on the same basis but as a USIA post rather than a State Department operation. We are absorbing the cost.

RESTORATION OF EMPLOYMENT LEVELS

Mr. FLYNT. On page 232 of last year's hearings we discussed a requested increase of \$905,686 for "Restoration of domestic employment to a normal level in 1975." Was that approved in the 1975 appropriation?

Mr. SILVERMAN. Sir, it was not specifically approved or disapproved. However, the reduction of the appropriation from the requested level on the one hand and the requirement that we absorb much greater than anticipated inflation in 1975 than we had budgeted for in the request last year, meant that during much of this year we have had a limited hiring situation and in effect have not programmed money for that purpose.

We are, in effect, asking for it again in 1976. Hopefully, we can get back to an adequate employment level against our authorized positions.

Mr. FLYNT. What do you use as a measurement criteria for normal level of employment?

Mr. SILVERMAN. The lapse or vacancy rate varies from element to element depending on their pattern. Some jobs are more difficult to fill on a regular basis. It ranges between 3 and 5 percent. It seems to be the most efficient vacancy rate. During this year and last we were running somewhere between 4 and 7 percent.

Mr. FLYNT. You said that you hoped we would approve your request for 1976. How much are you requesting?

Mr. SILVERMAN. In this category it is \$1,075,930.

RENTAL PAYMENTS TO GSA

Mr. FLYNT. How much was your payment to GSA in fiscal year 1975 for space rental?

Mr. SILVERMAN. In 1975, sir, we are paying GSA \$4,863,388.

Mr. FLYNT. What are you requesting for 1976?

Mr. SILVERMAN. \$7,674,300.

Mr. FLYNT. How much of that increase is for additional space? How much is for increased costs?

Mr. SILVERMAN. \$867,000 of that total is for a rearrangement of space in connection with the Voice of America. The balance of that increase, which overall totals \$2,810,912, would be for increased costs because GSA is changing the method of establishing rates for buildings, changing the categories that buildings are rated at.

Mr. FLYNT. I noted several language changes.

Mr. EARLY. Mr. Chairman, will you yield?

Mr. FLYNT. Certainly.

Mr. EARLY. That \$2,810,000, is that increase just to offset the GSA increased rental while maintaining the same amount of space?

Mr. SILVERMAN. No, sir.

INCREASE FOR VOA SPACE

Mr. EARLY. \$867,000 is for additional space; is that right?

Mr. SILVERMAN. It is a change in space. It is not all for additional space. The Voice of America in Washington now is principally located in the Health, Education, and Welfare north building. A large segment of the Voice is also in a building off South Capitol Street. HEW has agreed to and made plans to move part of its operations out of HEW, enabling us to move the people who are in the South Capitol Street building and in HEW, south, into the same building with the rest and increase our total space holdings by about 13,000 square feet.

GSA REASSESSMENT OF RENTS

Mr. EARLY. Is there a reason? GSA has been reassessing these rents with the other agencies, but they are reassessing you at an increase of 50 to 60 percent?

Mr. SILVERMAN. Yes, sir.

Mr. EARLY. Have they given any justification for that astronomical increase?

In 1975 you paid rent of \$4,863,388. For that same footage what is GSA charging you?

Mr. SILVERMAN. Approximately \$2 million more.

Mr. EARLY. I thought you said \$2.8 million.

Mr. SILVERMAN. Of the \$2.8 million, about \$800,000 is connected with this move of the Voice of America. That is pinpointed as a specific adjustment in space.

Mr. EARLY. They are charging you roughly 50 percent more for the same space?

Mr. SILVERMAN. Yes, sir. We have been informed and we certainly inquired about it at considerable length. Also we checked through the OMB, where all of these estimates meet and are also reviewed. They have established a new rate system for these standard levels of service. For instance, they have determined that a building we use in Brooklyn, N.Y., as a warehouse and have been paying low-warehouse rates for, is now classified as general storage in a multiuse building.

They are now stating that we have to pay considerably higher rates for it. It is that kind of thing that has made the estimate drastically increase without any adjustment on our part.

Mr. FLYNT. If you would yield—

I hope you protest any such changes of that kind.

Mr. SILVERMAN. We have certainly protested, Mr. Chairman.

VOA OFFICE SPACE AND STUDIOS

Mr. EARLY. The \$866,000 increase which is for other space; is that for additional space?

Mr. SILVERMAN. In part, sir. We are getting 65,000 more feet in the HEW Building. Of that space, about 13,000 is a net addition to what we now have in two buildings.

Mr. EARLY. What is going into the HEW Building?

Mr. SILVERMAN. Relative to the Voice of America?

Mr. EARLY. Yes.

Mr. SILVERMAN. We are moving the engineering staff, which is now located at 25 M Street SW., into that building.

Mr. EARLY. What is GSA going to charge you per foot on this HEW space?

Mr. SILVERMAN. It varies, sir, between what they call regular office space and special space. Of course, the Voice of America has a great deal of special space.

Mr. EARLY. What would the two rates be?

Mr. SILVERMAN. It is \$7.06 a square foot for office space, \$12.31 for special space.

Mr. EARLY. This new HEW footage, what would that be, office space or special space?

Mr. SILVERMAN. A combination, sir, because we will be putting five new studios in that space. That is the kind of space that becomes special space. It needs special upkeep and special construction.

Mr. EARLY. Why do you need more studio space? Do you expect a broader audience? Are you expanding?

Mr. KEOGH. A major factor in the change in space is that the Voice of America now and for years has been operating in a tremendously overcrowded situation there. People are packed into spaces that they are barely able to work in.

Mr. EARLY. Are you moving out of M Street?

Mr. KEOGH. The component that is in M Street will be moved to, be added to the other elements of the Voice at their location in the HEW Building. I don't know who is moving into the M Street building.

Mr. EARLY. It is not a question of the need for new space; you are just getting more preferred space to move these people from M Street to the HEW Building?

Mr. KEOGH. Actually, we are putting everyone together as they should be, and we are getting more space for people where more space is needed.

Mr. EARLY. At a greater expense. I am concerned some of these agencies may just be moving into more expensive space to get more preferred areas and more convenience to just the employee rather than considering efficiency as far as managing our tax dollars.

Mr. KEOGH. Sir, the space situation at the Voice of America has really been a very, very bad situation.

Mr. EARLY. Of all the agencies we have in the Federal Government, Mr. Keogh, I have yet to find one that said they have enough space. That includes the Congress. I have no further questions.

USIA WAREHOUSE IN BROOKLYN, N.Y.

Mr. FLYNT. Thank you, Mr. Early.

With regard to this building that you described in Brooklyn which they are trying to reevaluate the rental costs from warehouse rates to office space rates, is that building owned by GSA or is it a leased building?

Mr. SILVERMAN. Sir, I believe it is Government owned. It is at the Bush Terminal.

Mr. FLYNT. Verify that for the record.

[The information follows:]

FEDERAL BUILDING No. 1 (BROOKLYN WAREHOUSE)

Federal building No. 1, located at 29th and Third Avenue is Government-owned.

SUMMARY OF PAYMENTS TO GSA

Mr. FLYNT. Would you prepare a table for the record showing the payments to GSA for all space in Washington, New York, Los Angeles, Chicago, Miami, showing actual 1975 costs and estimated 1976 costs?

Mr. SILVERMAN. Yes, sir. That table exists on page 21-7 of our submissions this year. We adapted that format to the request last year.

Mr. FLYNT. It will be included in the record at this point.

[The information requested follows:]

REIMBURSEMENT TO GENERAL SERVICES ADMINISTRATION FOR FISCAL YEAR 1975 AND FISCAL YEAR 1976

Name of building and address	Primary occupants	1975 estimate	1976 estimate	Increase or decrease (-)
1. Washington locations:				
1776 Pennsylvania Avenue, NW.	IPS, IOA, IPT.....	\$850,010	\$1,106,584	\$256,574
1750 Pennsylvania Avenue, NW.	I, IOP, IOR, area assistant directors.	728,919	879,883	150,964
HEW North, 4th and C Sts. SW.....	IBS.....	992,515	2,453,904	1,461,389
HEW South, 3rd and C Sts. SW.....	IBS.....	94,158	-94,158
Bernstein Office Building, 25 M St. SW.....	IBS.....	186,502	-186,502
Matomie Building, 1717 H St. NW.....	ICS.....	301,466	373,486	72,020
Patrick Henry Building, 6th and D Sts. NW.....	IMV.....	635,967	723,863	87,896
Navy Yard, Navy Yard.....	IOA.....	72,153	188,857	116,704
Auditors Building, 14th and C Sts. SW.....	IPS.....	61,215	95,792	34,577
National Press Building, 14th and F Sts. NW.....	IOP.....	11,869	16,069	4,200
Subtotal, Washington.....		3,934,774	5,838,438	1,903,664
2. New York locations, 5 sites.....	IOA, ICS, IBS, IMV..	888,528	1,789,501	900,973
3. VOA correspondent staffs:				
Miami, Fla., 51 Southwest 1st Ave.....	IBS.....	18,284	18,150	--134
Chicago, Ill., 219 South Dearborn St.....	IBS.....	2,876	3,061	185
Los Angeles, Calif., 11000 Wilshire Blvd.....	IBS.....	18,926	25,150	6,224
Subtotal, VOA correspondent staffs.....		40,086	46,361	6,275
Total.....		4,863,388	7,674,300	1,2,810,912

¹ The net increase of \$2,810,912 is requested to provide: (a) \$1,944,015 to reflect GSA's revised system of rating existing buildings for quality and measuring and classifying space currently occupied by USIA; and (b) \$861,837 to cover the net increase of obtaining and renovating additional studio and office space for the Voice of America in the Health, Education, and Welfare North Building where the VOA studios and most offices are currently located. The additional space is required to consolidate VOA activities into one building and to provide partial relief to VOA's seriously overcrowded working conditions.

ENTERTAINMENT IN THE U.S. ALLOWANCES

MR. FLYNT. We noted several language changes on pages 484 and 485 of the committee print. The first of these is for entertainment expenses where you are requesting an increase from \$500 to \$3,000. Do you care to comment on this proposal?

MR. KEOGH. Mr. Chairman, I would like to comment on that. The allowance for the representation around the world over the years has run far, far behind what our officers spend. In Washington since 1958 the allowance has been \$500. We now divide that allowance in this way: We give \$200 to our Foreign Correspondents Center in New York and \$200 to our Foreign Correspondents Center in Washington and we apply the other \$100 to all other domestic needs.

The real problem here, Mr. Chairman, is that as you well know, this does practically nothing in these times. Principally what we believe we should do more of in the way of representation is to have more contact with the foreign correspondents who are working in the United States.

That is our principal goal and that is the basic reason for this request for an increase. We do some of that now. Our officers do some of that but I do not like to ask them to do a great deal more at their own personal expense.

MR. FLYNT. You may expand on that for the record, if you desire.

[The following information was submitted:]

INCREASE IN LIMITATION AMOUNT FOR ENTERTAINMENT IN THE UNITED STATES

A total of \$3,000 is requested for entertainment in the United States, an increase of \$2,500 over the amount available during the current year. The increase in this limitation, which has remained at \$500 since 1958, will provide funds to meet the considerable requirements for official entertainment made upon the Director, the Deputy Director, the staff of the Agency's Foreign Correspondents Centers and other officers of the Agency. These officials meet with foreign journalists, visiting foreign officials, media and other officials interested in and important to Agency operations. For years, Agency officers have invested significant sums of their own to establish and maintain these contacts. The requested increase will offset some part of these personal expenditures and enable Agency officials to develop broader program contact, particularly among foreign journalists in Washington and New York.

In fiscal year 1974, officers of USIA incurred \$15,000 of unreimbursed expenses in the United States. In fiscal year 1975, through February, unreimbursed expenses of \$12,000 have been incurred.

ADDITIONAL PASSENGER VEHICLES

Mr. FLYNT. Next we have some proposed language changes under "Purchase for use abroad of not to exceed 130, of which 60 are for replacement only." This refers to automobiles. Would you comment on that?

Mr. SILVERMAN. Sir, we have long been limited in the number of passenger-carrying vehicles in our inventory to the number we had when the Agency was established. I believe the ceiling has remained constant since then. As a result, we have used non-passenger-carrying vehicles, at greater expense and greater fuel consumption, for our general vehicle needs at our posts abroad. At one time, when the Agency carried around a lot of projectors and moved into the field a lot more than we do now, those vehicles had a more direct relationship to the level of programming and the type of programming we were doing. We now propose to replace some of those nonpassenger vehicles, 70 of them, with passenger-carrying vehicles at a lower procurement cost than they would be if the replacements were nonpassenger. In the long run fuel savings and other operating cost economies will also accrue.

Mr. FLYNT. While this would appear to increase your passenger fleet, it appears from page 3-2 of the justifications that this is really for replacement of other types of vehicles?

Mr. SILVERMAN. Yes. It will increase the passenger fleet but not our overall fleet.

Mr. FLYNT. How do you classify a station wagon, as a passenger-carrying vehicle or other type vehicle?

Mr. SILVERMAN. A station wagon is classified a passenger-carrying vehicle.

Mr. FLYNT. A carryall, that does have two or more seats?

Mr. SILVERMAN. No, sir, that is not a passenger-carrying vehicle.

Mr. FLYNT. Even though sometimes used for the purpose of carrying passengers?

Mr. SILVERMAN. Yes, sir. We have used it for that purpose. It is more vehicle than we really need for our purposes in many places.

MOTOR VEHICLE INVENTORY

Mr. FLYNT. Would you provide for the record at this point a summary of the number and various types of vehicles owned by USIA? [The information requested follows:]

Summary of vehicles owned by USIA as of June 30, 1974

Passenger vehicles:

Sedans	158
Station wagons (2 WD)	67
Buses	12

Subtotal, passenger..... 232

Nonpassenger vehicles:

Carryall	240
Sedan delivery	183
Utility	110
Pick-up truck	40
Jeep utility truck	20
Stake truck	16
Panel truck	11
Other trucks for VOA (rigging, flatbed, et cetera)	20

Subtotal, nonpassenger vehicles..... 658

Total vehicles..... 800

RIGHT-HAND DRIVE VEHICLES

Mr. FLYNT. The latter part of the language on page 485 of the committee print proposes exception to the purchase price limitation to permit purchase of right-hand drive vehicles. How much would be expended for these vehicles?

Provide that for the record.

[The following information was provided:]

COST OF RIGHT-HAND DRIVE VEHICLES

In fiscal year 1970, \$92,754 would be spent for the purchase of right-hand drive vehicles, an increase of \$27,560 over comparable left-hand drive models.

Mr. FLYNT. Your justifications indicate on page 3-2 that such vehicles are necessary in 20 countries. We have noted a transition from right-hand drive to left-hand drive vehicles in many countries. Would you provide a list of the countries which still would make right-hand drive vehicles desirable?

[The information follows:]

COUNTRIES USING RIGHT-HAND DRIVE VEHICLES

There are approximately 60 countries in the world where vehicle traffic drives on the left side of the road. In some of these countries it is mandatory or preferred that vehicles be equipped with right-hand drive. It is generally desirable for reasons of safety and maintenance to use right-hand drive vehicles in all left rule-of-the-road countries.

The following 20 countries represent those where it is most desirable for the Agency to use right-hand drive vehicles: Australia, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore, Thailand, Kenya, Malawi, South Africa, Tanzania, Zambia, Nepal, Sri Lanka, Guyana, Jamaica, Trinidad, Cyprus, Malta, and United Kingdom.

Among the other left rule-of-the-road countries where it is desirable to use right-hand drive vehicles are: Japan, Ethiopia, Nigeria, Somalia, Afghanistan, Bangladesh, India, and Pakistan.

REPRESENTATION ALLOWANCE

Mr. FLYNT. The other language change on page 485 of the committee print relates to a proposed increase in representation expenses from \$150,000 to \$200,000. Would you comment on this proposal?

Mr. KEOGH. Mr. Chairman, I would again say that this affects the officers around the world and our officers continue to spend out of pocket funds, their own funds, for representation expenses. This is an effort to reduce that burden on them. In the past year I would say our officers around the world spent nearly \$200,000 of their own money to supplement the small representation allowances they get. The problem is when we divide our allowance up among all of our posts, each one really gets very little. This is an effort to relieve the burden on them and also to give them a greater effectiveness in this representation area.

Mr. FLYNT. Combining that statement with previous statements you have made, that would be the equivalent of dividing the dollar amount by 185 to get an average? Some would call for more expense than others?

Mr. KEOGH. That is right. It varies from one post to the other, given the size and expense and particular purposes. Your figure is correct.

STATUS OF 1976 AUTHORIZATION

Mr. FLYNT. Mr. Keogh, what is the status of your authorization legislation for 1976?

Mr. KEOGH. We have appeared before the Senate Foreign Relations Committee and have completed our hearings there. The hearings before the House International Relations Committee begin today.

Mr. FLYNT. Mr. Early, do you have further questions on salaries and expenses?

NUMBER OF EMPLOYEES IN UNITED STATES AND OVERSEAS

Mr. EARLY. Of the 9,292 employees, how many are in the United States? How many overseas?

Mr. SILVERMAN. Sir, of the 9,292 total positions requested in 1976, 3,104 are domestic positions; the rest are abroad.

AMERICAN TEACHERS

Mr. EARLY. Of those 6,000 abroad, do we have any American teachers? How many Americans in that 6,000?

Mr. SILVERMAN. 1,147 are Americans.

Mr. EARLY. Have we used any American teachers?

Mr. KEOGH. Yes, sir, we have American teachers in our English teaching establishments in a number of countries.

Mr. EARLY. How many American teachers of foreign languages?

Mr. KEOGH. I would not know of any place where we have Americans teaching foreign languages.

Mr. EARLY. Do we have any recruitment program to find available ones that could fit into these positions?

ENGLISH TEACHING PROGRAMS

Mr. KEOGH. We are constantly recruiting in the area of English teaching and we have a program that does seek English teachers. The only instances in which we are involved in teaching language other than English is at some binational centers where there would be a small section teaching another language. That usually is provided by the host country involved.

Mr. SILVERMAN. Sir, we do have a few teachers of English. American employees. But, in many places—for instance, in Latin America where we have our largest English-teaching program—teaching is conducted through the binational centers. We cooperate with local organizations which are run by both the American community and the nationals of the country. They tend to hire English teachers. Therefore, the teachers are not USIA employees. The centers pay for them from the revenues of the English teaching program. The teachers tend to be foreign nationals. Sometimes they will hire an American. In that way the costs are generally much lower than they would be if we hired an American, paid the expenses of getting him overseas, and the housekeeping costs of keeping him. We have relatively few teachers as such on our own rolls.

COMPARISON OF PAY INCREASES

Mr. EARLY. Mr. Keogh, in your justifications the increases for overseas were the same. Was the increase in salaries given at the same rate as they were domestically?

Mr. SILVERMAN. Do you mean the American employees' pay raise?

Mr. EARLY. For your 3,104 employees in the U.S. versus 6,000 abroad, were they given the same rate of increase?

Mr. SILVERMAN. Sir, the rate for the Americans in the United States and our Americans abroad, of course, are set by the Federal pay legislation passed by the Congress. The foreign nationals pay scales are set generally by surveys conducted by the Department of State in each country. They tend to run much larger as a percentage due to rapid inflation abroad and the fact that the mechanism for getting a local pay scale adopted operates more rapidly than Federal employee pay adjustments which must go through the OMB and the Congress.

Mr. KEOGH. The rate of pay among the foreign national employees has been increasing at a much more rapid rate than for U.S. employees.

PAY INCREASES FOR FOREIGN NATIONAL EMPLOYEES

Mr. EARLY. Who determines the rate that our foreign employees are paid in increases?

Mr. SILVERMAN. It is a joint setup in each country. The Department of State conducts the basic survey to establish comparability between the employees that the U.S. Government hires and what they are paid

- and what similar employees are paid in private industry or in the public sector in those same countries. In other words, prevailing rates in the host countries. The U.S. Government determines what the pay scale will be. It is basically a supply and demand thing.

Mr. EARLY. The same announcer on Voice of America announcing in one of the foreign countries, would they get the same rate of increase?

Mr. KEOGH. Yes; I think they would. In that instance they probably would be Americans rather than a comparison between an American and a foreign employee.

Mr. EARLY. Let's say in the foreign country, both American and foreigner are doing the same thing abroad; do they both get the same salary?

Mr. KEOGH. No, sir, they would not.

LOCAL EMPLOYEE PAY CEILING

Mr. SILVERMAN. If I may add one other thing about the local employee salary situation. As we discussed earlier, there has recently been established a ceiling beyond which local employee salaries cannot go. That ceiling is now \$35,000. Of course, there is a similar ceiling on U.S. employees as well.

Mr. EARLY. All the ceilings I have seen on U.S. employees I think are ceilings—

Mr. FLYNT. You mean above which it cannot go?

Mr. SILVERMAN. It cannot go above \$35,000.

Mr. EARLY. Ceilings on Egyptians are the highest ceiling I have ever seen.

LOCAL EMPLOYEE WAGE NEGOTIATIONS

Mr. FLYNT. Are all of these wage negotiations for employment of foreign nationals on a bilateral basis as opposed to multilateral basis?

Mr. SILVERMAN. Yes, sir, it would be the United States and the local situation.

Mr. FLYNT. There would only be two countries involved?

Mr. CEDERBERG. We do it with our employees?

Mr. SILVERMAN. It is a review of the whole situation in the country. It is essentially a unilateral decision, what the United States chooses to pay.

Mr. FLYNT. Each country stands on its own?

Mr. SILVERMAN. Yes, sir.

Mr. CEDERBERG. What happens overseas is that we are in competition with other embassies over there and we are in competition with other companies there which hire foreign nationals. In some instances the pay scale is substantially lower than, say, our American employees. The rates are going up much faster because of the inflationary impact in many of these countries.

It is becoming a real problem. I have been in many of those areas and we lost sometimes pretty good foreign nationals working for us because of that. There are some fringe benefits that I think are helpful to compensate. Most of our foreign nationals there working with us a long time are covered under our Civil Service pension programs and so forth. That kind of makes it attractive.

There are many places where our pay scales are lower than what many of the other people are paying around there. If they have been

with us for 15, 20 years, many of them take a long look before they move.

Mr. FLYNT. Nonsalary benefits apply.

Mr. CEDERBERG. That is taken in consideration when you look at the total cost. It is a pretty complex problem.

Mr. KEOGH. Very serious problem, and particularly where it concerns younger people, those that have not been with us so long and don't have a vested interest. It becomes very difficult to get the best and most talented for our rates.

Mr. FLYNT. Mr. Early?

Mr. EARLY. Following what Mr. Cederberg said and you just said, Mr. Keogh, you have trouble recruiting sometimes because of our rates. Mr. Cederberg said we pay lower rates than some other countries.

Mr. CEDERBERG. Not always.

Mr. EARLY. Are you having trouble recruiting?

Mr. KEOGH. Within a country where, as Mr. Cederberg said, the rates of pay by private firms and by sometimes other government structures have escalated tremendously and we in an effort to hold down our costs try not to escalate that quickly.

Mr. EARLY. When you say private, you mean radio stations abroad are more competitive than what the Voice of America would pay that same radio broadcaster?

Mr. KEOGH. Some are. But, on the other hand, to get an employee for our kind of operations abroad in exhibits, office work, as well as radio, there are many other competitors.

Big corporations, some American, some foreign are offering astonishing, inflated wages in many countries, particularly in the Middle East oil-producing countries. The inflation in wages there is really quite stunning. We face that kind of competition in trying to get local employees even when it comes to secretaries.

Mr. EARLY. Thank you.

EFFECTS OF INFLATION ON USIS OPERATIONS

Mr. CEDERBERG. I was going to go into that. I think it has been fairly well covered by the inflationary impact abroad. That obviously varies from country to country. Would you for the record give us some examples of the inflationary impact that you have in certain areas of the world and the result it has had on your budget. We are aware of what happens here.

[The following information was provided:]

EFFECT OF INFLATION IN WEST EUROPE ON USIS OPERATIONS

Rapid inflation in West Europe, exacerbated by two devaluations of the dollar and further downward float, has forced USIS operating costs upward at an alarming rate. The most serious effect has been felt on relatively fixed cost items: local salaries, nonresidential and residential rents, and utilities.

Legislation in West European countries has resulted in increased benefits and salary increases tied to cost of living indicators. USIS, as well as all other Federal agencies operating in West Europe, is forced to keep pace. Local salaries are the largest single expense item in this estimate. Since 1971, local salary costs have risen 61 percent in Austria due to mandatory wage scale increases and 34 percent devaluation of the dollar. In Italy where the dollar has rebounded to its 1971 position, inflation alone has driven the local salary costs up 63 percent. The dollar has remained relatively stable in Turkey, but rapid inflation has resulted in an 108 percent rise in our local salary costs.

Other program and operating costs have also risen sharply. Inflation and dollar devaluation in Austria have resulted in an increase of 47 percent in nonsalary costs despite our efforts to economize. In Italy net nonsalary costs have risen 38 percent despite program cuts which closed reading rooms in Palermo and Florence. Rapidly rising costs, primarily related to rents and utilities, have caused an 82 percent increase in nonsalary costs in Turkey.

These rising costs are anticipated to continue in 1976. As a result, we are requesting an increase of \$2,577,000 in 1976 to continue activities in West Europe at the same program level that was in effect in 1975. This increase is required to cover anticipated local wage-scale increases of \$1,577,000, general inflation of \$725,000 for operating costs, and other built-in increases of \$275,000, primarily for domestic and overseas American salary cost increases.

Mr. CEDERBERG. I think this is one of the problems that we run into when we operate abroad.

FREEDOM OF INFORMATION ACT

We have the new Freedom of Information Act. Do you have many requests for information?

Mr. KEOGH. Yes, we are having some. We have located the operation in a particular office.

Mr. CEDERBERG. I don't imagine it is a major problem with you, though?

Mr. KEOGH. It has not been so far. At the beginning we thought it would be, and we set up our procedures but so far it has not been a serious problem.

NEED TO RELOCATE OVERSEAS FACILITIES

Mr. CEDERBERG. I thought you would say that. I didn't think it would be a problem. We have a great deal of turmoil around the world these days and we have our installations, VOA and others over there. Do you foresee a potential of having to relocate some of our facilities?

Mr. KEOGH. The question of relocating for security purposes is not in the immediate outlook.

VOA PHILIPPINES PROJECT

Mr. CEDERBERG. I know that you are looking at a change in the request for increased funds in the Philippines.

Mr. KEOGH. Yes, sir.

Mr. CEDERBERG. Sometimes we want to be mighty sure we don't go into a major investment in a country only to find after we make the investment required the agreement is terminated and we have to get out.

Mr. KEOGH. We have an agreement with the Philippines that will take care of the additional transmitters that we propose to put in our Tinang field. We have been watching the attitudes and statements there very carefully, and we continue to be convinced that this will be a viable location and we will not have a problem with it. As a matter of fact, we think our going there is a plus, in that it shows American interest in the Philippines.

Mr. CEDERBERG. I want to be sure that we are not making major investments in areas where our ability to stay there might be affected rather quickly. I never am very much impressed by some of the things

that you see in the press about what governments say. I think we should make decisions on what they say privately. There is an awful lot of rhetoric that takes place for diplomatic purposes, but under the table they say, "We really didn't mean that, but we had to say it."

VOA RHODES FACILITY

For instance, we have in Rhodes a substantial facility. You don't see any problem with that?

Mr. KEOGH. No, sir. You are speaking now of the Rhodes facility?

Mr. CEDERBERG. Yes.

Mr. KEOGH. There is also the facility in Kavala. We have had our concerned moments about that, but so far we have not had any specific threat, any problem, and our relationship there with the government has, through the changes, been very good. There have been some editorial comments in some of the press that were negative, but nothing very serious. So far we have come through there very well.

In the Philippines we have gone through a long study of where to locate that facility which we need very seriously because it is necessary to give up the Okinawa facility. We examined every kind of possibility, including American soil, and at one point we were looking very closely at going into the Marianas but when we saw the costs and the distances involved it was just not an economically viable proposition nor was it a very good technical situation. The distances were so great to those areas to which we wanted to broadcast that the quality of the signal would have been in great doubt. It would have been necessary to start from scratch on an island in the Marianas to build the docks to bring things in, build everything to put in enormously powerful transmitters. The cost was prohibitive.

RESEARCH ON BROADCASTING FROM THE UNITED STATES

Mr. CEDERBERG. Are we doing any research towards the eventual possibility of doing our major broadcasting from the United States?

Mr. KEOGH. Yes, sir, we are looking into that now in a very serious way. One of the problems is, once again, however, the power and strength of transmission that is necessary. We have begun looking into the possibility of locating such transmitters on the west coast of the United States. One of the immediate problems one encounters is that these transmitters would need to be so powerful they might knock planes out of the air.

Mr. CEDERBERG. Burn up the bedsprings?

Mr. KEOGH. So there are a great many technical problems to overcome.

Mr. CEDERBERG. You are looking at that possibility?

Mr. KEOGH. Yes.

Mr. CEDERBERG. Research in that area.

SOVIET UNION BROADCASTS

Does the Soviet Union transmit outside of the Soviet Union?

Mr. KEOGH. Yes; I am sure that they do.

Mr. CEDERBERG. Research that for the record.

I turn on these foreign broadcasts with this little radio and I think it is very enlightening. You can get that Russian broadcast pretty effectively on this little unit and some of the Eastern European broadcasts right here. I wonder, if they can do that, why we cannot do it.

Mr. KEOGH. Let us supply for the record the best information that we have on that item on locations.

[The following information was submitted :]

LOCATION OF TRANSMITTERS USED BY COMMUNIST NATIONS

The USSR has high-powered transmitters in the southern and western regions of the USSR from which Radio Moscow broadcasts to eastern North America. Similar stations in the Vladivostok area broadcast to the western part of North America.

Radio Moscow also uses transmitters in Mongolia and East Germany in its overall broadcasting operations.

The other Communist nations of East Europe generally broadcast from points near the capital cities.

Mr. CEDERBERG. I would like to have that explored. I can see the advantage, as long as the facilities are available, of doing it offshore, but I think we ought to be mighty sure that we do the necessary research that indicates whether we can broadcast from the United States.

VOA RELAY STATIONS IN UNITED STATES

This Greenville plant, I went down with Mr. Murrow and dedicated that some 13 years ago.

Mr. KEOGH. It has been since 1962.

Mr. CEDERBERG. We dedicated that with Henry Loomis and Ed Murrow. That was a pretty powerful place. Are you doing that effectively now?

Mr. KEOGH. Yes, sir. That is very effective in our transmissions going to relay stations on other soil. It is a very effective and an important part of our operation.

Mr. CEDERBERG. Do we still have this Ohio unit?

Mr. KEOGH. Yes, Bethany.

Mr. CEDERBERG. That is still operating?

Mr. KEOGH. Yes, indeed.

PAYMENTS TO GSA FOR NEW YORK WAREHOUSE SPACE

Mr. CEDERBERG. You want us to tell the GSA not to charge you so much for that warehouse space?

Mr. KEOGH. Yes, sir.

Mr. CEDERBERG. I cannot see any sense of their charging you a vastly different rate for the same warehouse space.

Mr. KEOGH. Yes. We store books, exhibit materials.

Mr. CEDERBERG. When they first gave you the charge on that, what did they charge you for using it as a warehouse?

Mr. SILVERMAN. Yes, sir. It was originally charged as a warehouse.

Mr. CEDERBERG. They did it?

Mr. SILVERMAN. Yes, sir.

Mr. CEDERBERG. They make it a segment?

Mr. SILVERMAN. Last year was the first year of the SLUC charge. They said the charges were allocated for that.

It should be noted that the Department of Defense and the U.S. Information Agency, the two largest users of space in Federal building No. 1, utilize their space holdings differently. DOD uses its space primarily for nonstorage purposes. USIA's principal use is for storage purposes.

BUDGET EFFECT OF CHANGES IN SOUTHEAST ASIA

In the East Asia and Pacific program you show positions and funds for Cambodia and Vietnam. How is your budget affected by the situation in those countries?

Mr. KEOGH. Mr. Chairman, we of course have found it necessary to cease our operations in those countries, and we are now in the process of studying what the total impact is on our operations in that part of the world and how it affects operations elsewhere in the world. We are aiming to present a specific proposal with regard to that to the OMB very soon.

[The following information was submitted:]

BUDGET EFFECT OF CHANGES IN SOUTHEAST ASIA

The Agency's budget request includes \$2,720,974 in general operating, staff and support costs for programs in the Khmer Republic and Vietnam. These program plans have been abandoned. We are now discussing with the Office of Management and Budget (OMB) possible fiscal year 1976 budget adjustments deriving from those changes and from the effects of the recent wage and cost increases that necessitated inclusion of \$1,520,000 in supplemental 1975 funds for the Agency in H.R. 5899.

We propose to use part of the savings from our former programs in the Khmer Republic and Vietnam to fund several priority program changes in East Asia and the Pacific and in other parts of the world, particularly in the Middle East.

Among the alternate fund uses we request are augmentation of programs in East Asia and the Pacific, including new posts in Port Moresby and Auckland (as urged by the Department of State), enhanced regional program activity covering the entire area and the capability to increase VOA broadcasting to Southeast Asia. These programs will require \$641,000.

We propose to use \$310,000 for new program opportunities in Bahrain and Abu Dhabi in the Middle East. We are attempting to broaden our contacts in this vital area whenever and wherever we can. In addition, we believe it is most important that we open a post in Angola, increase our programs in Portugal, expand our foreign correspondent tours of the United States during the Bicentennial, relocate our New York Foreign Correspondents Center and establish the capability to assign our officers to public organizations as required by pending changes to the Foreign Service Act of 1948. These changes will require \$482,000.

Finally, it is becoming increasingly clear that we should move from the discussion to the contract phase in dealing with research on a powerful transmitter capable of reaching distant foreign target areas from the United States. We are asking that \$850,000 be added to our acquisition and construction of radio facilities account for this purpose.

These proposed program changes would utilize \$1,702,000 of the Southeast Asia savings, resulting in a net reduction of \$929,000 in our 1976 request.

At this time, too, we are discussing with the OMB the annual costs of the 1976 wage and cost supplemental now pending in the Congress. The 1976 costs of those recent wage and cost increases, including the changes in per diem, mileage and life insurance contributions, total \$3,095,000.

REASSIGNMENT OF PERSONNEL FROM VIETNAM AND CAMBODIA

Mr. FLYNT. Would you supply for the record your immediate plans for the reassignment of personnel in these two countries?

Mr. CEDERBERG. This year they are going to charge you for office space?

Mr. SILVERMAN. Yes, sir, in part, and at a much higher rate for the storage space. We protested it and informed OMB and they presumably checked the rate structure of GSA and informed us that was a valid adjustment.

Mr. KEOGH. I have been at that place in Brooklyn and if I have ever seen a warehouse, that is one.

Mr. CEDERBERG. I realize GSA has an increased cost factor, too, but you cannot charge excessive rates for warehouse space.

Mr. FLYNT. You say that you have seen it?

Mr. KEOGH. Yes, sir.

Mr. FLYNT. How would you describe it?

Mr. KEOGH. I would describe it as a warehouse. Mr. Silverman, do you want to add to that?

Mr. SILVERMAN. We are paying \$493,282 for that building in fiscal year 1975. The charge in 1976 is \$1,352,457.

Mr. CEDERBERG. That warehouse?

Mr. SILVERMAN. Yes, sir.

Mr. CEDERBERG. How many square feet? You have a lot of books in that warehouse?

Mr. SILVERMAN. Yes, sir.

OTHER USERS OF NEW YORK WAREHOUSE

Mr. CEDERBERG. Is there anybody else in that warehouse besides you?

Mr. SILVERMAN. I believe so.

Mr. CEDERBERG. Find out who else is in that warehouse and what they are charging them.

Mr. FLYNT. Would you also explore the possibility of storing books in less expensive space?

Mr. KEOGH. This is more than books. It is books, supplies, radio equipment, exhibit materials, all of those things that we are staging really for shipment overseas and return from overseas. It is really across-the-board warehousing.

Mr. CEDERBERG. We will take a look at that. Thank you.

Mr. FLYNT. Thank you, Mr. Cederberg.

[The information requested follows:]

SPACE HOLDINGS AND CHARGES, FEDERAL BUILDING No. 1, BROOKLYN, N.Y.

The following information was supplied by the General Services Administration:

Agency	Total square feet	Fiscal year 1976 estimate
Department of Defense.....	399,189	\$2,457,325
U.S. Information Agency.....	240,839	1,352,457
Department of Health, Education, and Welfare.....	37,181	261,594
Department of Transportation.....	28,702	208,909
U.S. Postal Service.....	9,672	60,190
Department of the Treasury.....	11,211	41,174
Department of Agriculture.....	1,323	10,256
Temporary miscellaneous commissions.....	8,573	66,478
Total.....	736,690	4,458,383

ment. It is a good partnership arrangement in the places I have seen them. I think they are great.

Mr. KEOGH. I agree very thoroughly with that, Mr. Cederberg. They are sometimes difficult to handle. They have special problems.

Mr. CEDERBERG. That is right.

Mr. KEOGH. They are worth it and worth all the effort and sensitivity and difficulties that may arise. I agree they are very good.

Mr. CEDERBERG. It would be helpful to have it for the record so the reader of this record can know how they are set up.

[The information requested follows:]

BINATIONAL CENTERS

Binational centers are institutions, jointly sponsored by American residents and nationals of the host countries, operating for the purpose of disseminating information about the United States and the host country, and of fostering cultural exchange and better mutual understanding. They conduct academic and cultural programs, and many emphasize the teaching of English to nationals of the host country. Agency grants are made by USIS for program materials, to help meet local operating expenses, and to finance special projects and programs.

INFORMATION CENTER ACTIVITIES IN EAST ASIA AND PACIFIC

Mr. FLYNT. When these things get to going on a partnership basis the results are dramatic. On page 8-9 there is a requested increase in the amount of \$305,607 for information center and related activities. Please give us some details for the record.

Mr. SILVERMAN. The net increase will provide \$185,000 to cover center renovation costs in Australia, Korea, and Malaysia; \$118,700 for anticipated lease renewal and utility cost increases in 11 countries in the East Asia and Pacific area; \$91,200 for anticipated cost increases for contract services, supplies, and other support to information center operations, book programs, exhibits, and cultural activities; and \$2,000 for increased support related to the proposed increase in the Department of State exchange of persons program.

These increases are partially offset by nonrecurring costs in Japan, \$90,100, and other costs in Australia of \$1,193.

INFORMATION CENTER ACTIVITIES IN AFRICA

Mr. FLYNT. On line D-4 on page 9-3 you show as the major increase in the African area program \$247,871 for information center and related activities. Would you describe the location of that center and the anticipated functions thereof.

Mr. SILVERMAN. That total increase relates to all of the information center activities in the African area, and as such relates to 33 separate information centers. That increase of \$247,871 results from increases of \$604,625 to provide \$359,050 for the cost of relocating information centers in the Ivory Coast, Malawi, Tanzania, and Zambia; \$153,575 for anticipated increases in rents, utilities, and contractual and local travel costs in 25 countries in the area; and \$92,000 for renewal of multiyear leases in Nigeria due in 1976.

That gross increase is partially offset by decreases totaling \$356,754 resulting from the reduction of the USIA program in Burundi and nonrecurring costs of renovating or relocating centers in Ghana, Liberia, Zaire, and Zambia in 1975.

[The information requested follows:]

REASSIGNMENT OF PERSONNEL FROM VIETNAM AND CAMBODIA

Our current plans for reassignment of 23 American employees assigned to Vietnam and 1 assigned to Cambodia to existing positions elsewhere are as follows:

Reassignment to Indonesia, 3; Thailand, 2; India, 2; Japan, 1; New Zealand, 1; Republic of China, 1; and Washington, D.C., 4. In addition, final determination on 9 assignments has not been made and 1 employee who was on detail to USIA has returned to AID.

SAIGON AND DALAT REQUESTS

Mr. FLYNT. I note on page 8-10, your budget shows a request for \$300,000 for Saigon and \$40,000 for Dalat, both in Vietnam. Would you comment on both?

Mr. KEOGH. Those amounts will no longer be used for that purpose.

LOAN TO JAKARTA BINATIONAL CENTER

Mr. FLYNT. The same page shows a request for \$150,000 for a capital assistance loan to the Binational Center organization in Jakarta, Indonesia. Is this a loan in the true sense of the word or is it a grant?

Mr. SILVERMAN. Sir, it is a loan. The terms are very generous to the center. It is a loan and there is every intention to have repayment of the funds rather than a grant which would not require repayment.

Mr. FLYNT. Give us the terms of the loan.

[The information requested follows:]

TERMS OF JAKARTA BINATIONAL CENTER LOAN

The terms for the proposed \$150,000 loan for the Jakarta Binational Center have not been finalized but they are expected to be similar to other BNC loans such as the loan made to the Athens Binational Center in 1973. That agreement calls for a no-interest loan which is to be repaid in 10 equal annual installments.

Mr. FLYNT. To whom is this money repayable?

Mr. SILVERMAN. To the Treasury of the United States.

Mr. FLYNT. I note "For such use as the Treasurer of the U.S. may determine."

Mr. SILVERMAN. Yes, sir.

Mr. FLYNT. It would not go into excess currencies to be retained only in the host countries?

Mr. SILVERMAN. No, sir.

Mr. KEOGH. Mr. Chairman, may I add that the purpose of that expenditure is for the relocation of the binational center there. That is a necessary thing, and will give us a new and much better binational association in Indonesia.

BINATIONAL CENTERS

Mr. CEDERBERG. Would you yield?

I think it might be of some value to put in the record for new members of the committee a definition of a binational. I think there are a lot of people that don't know. I happen to believe that binational centers are the place where we get our best results for a little invest-

PROGRAMS IN AFRICAN COUNTRIES

Mr. FLYNT. In view of the fact that pages 9-1 through 9-11 of the justifications pertain to the African program and pages 10-1 through 10-12 relate to North Africa, Near East, and South Asia program, and further, in view of the fact that Africa is divided into these 2 programs, would you for the record provide those portions of the Continent of Africa covered under the African program in item 9 and the North Africa and other programs in item 10?

Mr. SILVERMAN. Yes, sir.

[The information requested follows:]

AGENCY PROGRAMS IN AFRICAN COUNTRIES

Under the "African program" section of the budget request (tab 9), the Agency is requesting 475 positions and \$9,330,100 for direct country program costs and related areawide, domestic, and regional program support in fiscal year 1976 for the following African countries: Burundi, Cameroon, Chad, Dahomey, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Malagasy Republic, Malawi, Mali, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, Somali Republic, South Africa, Tanzania, Togo, Upper Volta, Zaire Republic, and Zambia.

Under the "North Africa, Near East, and South Asia" section (tab 10), the Agency is requesting 78 positions and \$1,864,417 for direct country program costs in fiscal year 1976 in the following countries in North Africa: Algeria, Arab Republic of Egypt, Morocco, Sudan, and Tunisia.

OVERSEAS INFLATION

Mr. KEOGH. May I add one point on this matter of rent. It is back again into the inflationary aspect of what we are encountering overseas.

The increase in rents is absolutely staggering. We mentioned Nigeria. We are going into situations where rents for houses, centers, or any kind of space, are just escalating to a degree that is practically unimaginable. It is a very serious problem for us now, and I think it is going to get worse.

INVOLUNTARY VACATING OF SPACE IN AFRICA

Mr. FLYNT. Have you been ordered to vacate any of the premises that you have in the African area?

Mr. SILVERMAN. Sir, there are a few in this general category. The one in particular that comes to mind is the fact that the nation of Malawi is moving its capital from Blantyre to Lilongwe. As a result we will have to move our center to the new governmental site. In another location in the Ivory Coast, the building we have had for a number of years has long been marked for removal under a government decree, and we have had great difficulty in locating alternative space.

I believe we have discussed that with this committee several times over the last few years. The alternate space has been found and is under construction, and we will make the payment for the new space next year.

I am not aware of any other decreed removals from specific space locations, but there are various times where landlords decide they want to tear down and rebuild and we get notices of that kind.

FBO COORDINATION OF OVERSEAS SPACE

Mr. CEDERBERG. Would you yield? Does the FBO in the State Department handle your space overseas?

Mr. SILVERMAN. Yes, sir. They handle the physical and technical side of it.

LOSS OF EQUIPMENT IN CAMBODIA AND VIETNAM

Mr. EARLY. Would you yield?

On that same line, did we have any loss in Cambodia or Vietnam as far as equipment and other items we had to leave behind?

Mr. KEOGH. Yes, sir. We had very important losses in Vietnam and we have had losses in Cambodia.

Mr. EARLY. Give us the estimated dollars and cents loss in both Cambodia and Vietnam.

Mr. KEOGH. Our estimate at this time is \$1.4 million. That is mostly in Vietnam.

Mr. EARLY. Was there a reason, Mr. Keogh, you couldn't see this happening and couldn't get the equipment out, or was the equipment not movable?

Mr. KEOGH. A great deal of it is equipment that is not movable. However, at the end of the evacuation from there, people came out with only what they had on their backs, leaving behind the things they had been working with and also their own personal belongings.

Mr. EARLY. Is there any equipment that could have been moved that would have been economic to move if you had moved it earlier? I mean small transmitters, small pieces of equipment?

Mr. KEOGH. I do not believe that it would have been a practical matter to try to move it, given the psychological situation there at the time. There probably were some things, had we had a long-range withdrawal process, there were things we could have taken out. However, the suddenness with which the situation changed and the process under which the withdrawal occurred did not allow that.

Mr. EARLY. Would you supply a list of the equipment we lost in Vietnam and Cambodia?

[The information requested follows:]

PROPERTY LOSSES IN VIETNAM AND CAMBODIA

Agency equipment, furnishings, and program materials, with an estimated original total cost of \$1,406,569, are believed to have been lost in Vietnam and Cambodia. The items are summarized by category below.

Item	Vietnam	Cambodia	Total
Office furnishings and equipment.....	\$30,221	...	\$30,221
Household furnishings and equipment.....	436,024	...	436,024
Vehicles.....	134,936	\$11,353	146,289
Radio equipment.....	94,359	5,235	99,594
Transmitter receiving equipment.....	6,500	...	6,500
Audiovisual equipment.....	211,922	6,454	218,376
Press equipment.....	253,409	956	254,365
Films.....	58,000	6,000	64,000
Books.....	149,980	...	149,980
Music records.....	1,220	...	1,220
Total cost of lost property.....	1,376,571	29,998	1,406,569

A detailed list of the lost property was provided to the committee.

REALIGNMENT OF GEOGRAPHIC AREAS

Mr. FLYNT. The State Department recently realigned geographical areas for bureau purposes. Has the USIA followed that same realignment? Are you operating under old alignments?

Mr. KEOGH. We realigned or are realigning our geographical areas.

Mr. FLYNT. To conform?

Mr. KEOGH. They will conform. We did it because we feel it was a better method of operation for us and, as it turns out, it does conform.

USE OF EXCESS FOREIGN CURRENCIES

Mr. FLYNT. In North Africa, Near East, and South Asia program, at 10-1, you indicate that the programs in Egypt, India, Pakistan, and Tunisia are predominantly financed with excess foreign currencies. Why aren't all costs of activities in those countries financed with excess foreign currencies?

Mr. SILVERMAN. Sir, every cost that is incurred locally on the local market is financed that way. We do have dollar expenditures for our American staff. Certain allowances for the staff, where they send their children to school outside the country, require it, or even some of the schools in the country if they are run by Americans, require dollars, as in the case of India.

In some cases there are dollars used by our country programs to purchase items from a nearby country where they cannot get it locally. There are limitations on what you can buy in those countries but every cost that is incurred in local currency is funded under that foreign currency account.

INFORMATION CENTER ACTIVITIES IN NORTH AFRICA, NEAR EAST AND SOUTH ASIA

Mr. FLYNT. In the North Africa, Near East, and South Asia area, the major program increase is for information centers; is that correct?

Mr. SILVERMAN. Yes, sir.

Mr. FLYNT. What are the major projects planned under Information Center and Related Activities?

Mr. SILVERMAN. We will furnish that for the record, if we may, Mr. Flynt.

[The information follows:]

INCREASE IN INFORMATION CENTER AND RELATED ACTIVITIES

The net increase of \$315,196 in fiscal year 1976 is requested to provide:

a. \$98,400 to cover the U.S. purchase and shipping of a generator, light fixtures, plumbing fixtures, audio-visual equipment, library chairs, tables and supplies for the relocated center in Islamabad, Pakistan;

b. \$61,000 to fund the purchase and shipment of carpeting, library furniture, and other materials and equipment for the library/center in Cairo, Arab Republic of Egypt;

c. \$152,825 is required to fund the completion costs of the USIS center in Amman, Jordan, including a 3-year advance rental amount of \$96,000. Completion costs cover restoration, relocation, interior decorations, and accessories;

d. \$55,000 will be required as completion costs of renovating the center lobby and library in Tel Aviv, Israel, which includes enlarging the lobby for exhibit purposes and reorganizing the library for specialized schematic themes;
 e. \$76,000 to renovate and air-condition the USIS center in Jidda, Saudi Arabia (\$50,000) and complete the furnishing of the new facility in Damascus, Syria (\$26,000);

f. \$23,000 to fund the decorating and furnishings of the USIS center in Alexandria, Arab Republic of Egypt;

g. \$70,799 for anticipated cost increases for center lease renewals and related utility services; and

h. \$64,788 for anticipated cost increases for contractual services, supplies, and materials.

These increases are partially offset by:

a. \$75,000 nonrecurring cost of the purchase of air-conditioning equipment for the new center in Islamabad, Pakistan;

b. \$67,904 nonrecurring cost of a 2-year advance rental (\$33,000), renovations (\$13,500), library furnishings and related items of equipment (\$21,404) for Damascus, Syria;

c. \$43,000 nonrecurring cost of air-conditioning and related electrical equipment for the office and USIS center in Colombo, Sri Lanka;

d. \$45,000 nonrecurring cost of air-conditioning and electrical equipment for the center in Cairo, Arab Republic of Egypt;

e. \$24,100 nonrecurring purchase and shipment of air-conditioning and materials for the center and office at Amman, Jordan; and

f. \$31,520 nonrecurring costs associated with renovating a portion of the center in Tel Aviv, Israel; closing the reading room in Tangier, Morocco; and a workshop on student counseling.

Mr. FLYNT. On page 10-8 of the justifications you say that of the 24 information centers in operation in the North Africa, Near East and South Asia area for 1975, 14 are covered in this section of the budget. Where are others covered?

Mr. SILVERMAN. They would be covered under the foreign currency budget.

INCREASES FOR LATIN AMERICAN PROGRAM

Mr. FLYNT. What are the major increases proposed for the Latin American program?

Mr. SILVERMAN. Sir, if you mean by country, the largest single increase is projected in Brazil, \$643,699, largely as a result of inflation in wages and other costs.

PROGRAMS IN PERU

Mr. FLYNT. What are you doing in Peru? You may provide that for the record.

Mr. FLYNT. You know the significance of that question?

Mr. KEOGH. Yes, sir.

Mr. FLYNT. If because of the recent developments there in the last few days, you desire to classify that, please do so.

Mr. KEOGH. All right, we will. It can be said generally that it is at this time an ongoing general program of USIA activities. We will supply details.

[The following information was provided:]

PROGRAM IN PERU

The U.S. Information Service in Peru is engaged in an ongoing program of information and cultural activities which support U.S. foreign policy objectives in that country. Resources budgeted for Peru in fiscal year 1976 total 12 American

and 29 local employee positions and \$1,149,200 in funds, of which \$612,500 are for direct expenses of post program operations, \$301,200 are for American salary costs, and \$235,500 are for media product and administrative support. Most of the staff, 10 Americans and 29 national employees, are located in Lima. There is an American Binational Center director in Arequipa and one in Trujillo.

Specifically, we address our programs to the following themes: U.S. society and its educational and scientific achievements, international monetary issues, the worldwide effects of the energy crisis, illicit drug traffic, trade relations, and territorial sea issues. Special emphasis is placed on reinforcing the spirit of the new dialog by emphasizing areas of agreement between Peruvian governmental objectives and U.S. policy. Efforts are also made to foster an attitude of negotiation and mutual respect by clearly and tactfully presenting U.S. positions on issues where U.S. and Peruvian policies may diverge. Of prime importance is a strengthening of the dialog on various approaches to international economic issues such as worldwide effects of the energy crisis, transfer of technology, and multinational corporations.

Projects undertaken to support country themes and objectives include: An annual seminar with Peru's prestigious National War College featuring highly-qualified U.S. university professors discussing history, sociology, economics, and international relations; a concert series at Peruvian-American Binational Centers done in collaboration with the Juilliard School of Music; sponsorship of seminars focusing on the necessity for international cooperation to control the illicit drug traffic; programming of astronaut Harrison Schmidt with the Peruvian Geological Society; a lecture series on U.S. history and education involving Harvard University and Peruvian alumni of that institution; provision of public relations support for the U.S. exposition at the World Mining Fair. Personal contacts with the Peruvian intellectual community and the media are, of course, of major importance and basic to all informational/cultural activities.

While the latest development alluded to does not by itself have a direct impact on USIA operations, it must be viewed against a background of Peruvian Government attitudes and actions which have made the psychological climate in which we operate increasingly difficult. This makes our priority themes even more important. We shall pursue them to the extent possible under prevailing conditions.

BINATIONAL CENTER ACTIVITIES IN PERU

Mr. FLYNT. Do you have any binational activities there?

Mr. KEOGH. Yes, we have. We do, indeed.

Mr. FLYNT. Comment on that for the record.

[The following information was provided:]

BINATIONAL CENTER PROGRAMS IN PERU

The focal point of USIS cultural programming in Peru is the Binational Center program. BNC's in Peru cooperate closely with USIS in arranging programs in support of USIS country objectives. Binational centers are located in Lima, Arequipa, Chiclayo, Cuzco, Huancayo, Piura, and Trujillo. USIS officers serve as directors at the binational centers in Lima, Arequipa, and Trujillo. Funds in the amount of \$131,040 are planned for local support of BNC activities during fiscal year 1976.

USIS REGIONAL OFFICES IN WESTERN EUROPE

Mr. FLYNT. On page 12-1 it appears that the budget for Western Europe covers 20 country programs and 3 regional offices. Are these USIA or USIS regional offices?

Mr. KEOGH. Mr. Chairman, the two designations, USIA and USIS, are interchangeable.

Mr. FLYNT. We use USIA domestically and USIS abroad?

Mr. KEOGH. That is correct. The history of that is that when USIA was created as a separate agency, a decision was made not to use the Agency label but to continue overseas with a familiar designation.

Mr. FLYNT. Are these USIS regional offices or regional offices of another kind?

Mr. KEOGH. They are USIS regional offices which work with the State Department offices and other areas of the Government.

Mr. FLYNT. Where are they located?

Mr. KEOGH. In Geneva and Brussels.

Mr. FLYNT. That is only two.

Mr. KEOGH. There are two in Brussels. One in Brussels is associated with the European Economic Community. The other is associated with NATO.

BICENTENNIAL PROGRAMS IN WESTERN EUROPE

Mr. FLYNT. You indicate on page 12-2 that much of your cultural activity in 1976 will be in the context of the Bicentennial Anniversary. How much of your 1976 budget is devoted to the Bicentennial effort?

Mr. KEOGH. Mr. Chairman, that is an extremely difficult figure to come to. I suppose we might try to get such a figure but it would be very difficult.

Mr. FLYNT. Develop it for the record.

Mr. KEOGH. What we are doing is trying to relate nearly everything we do in our magazines, radio, and in every aspect of our regular activity—give them as much relationship as possible to the Bicentennial.

[The following information was provided:]

PROGRAM EFFORT DEVOTED TO BICENTENNIAL

A very considerable part of USIA's cultural and information programming effort in West Europe will be devoted to the Bicentennial anniversary. We estimate that 35-40 percent of our program funds will be devoted directly to activities and materials stressing Bicentennial themes. All other programs and program materials, while not specifically keyed to the Bicentennial, will insofar as possible, emphasize the historical context and continuing resiliency of American democracy.

Mr. FLYNT. The last question related to the item on page 12-2.

TOTAL BUDGET FOR BICENTENNIAL PROGRAMS

Next, how much of your total USIA budget is for Bicentennial purposes?

Mr. SILVERMAN. Sir, the budget asks for an increase of \$1,669,000 for projects related directly to the Bicentennial. As the Director indicated, much of what we do is and can be related to the Bicentennial. If you would like, sir, we have just completed a survey that the Library of Congress requested in terms of a large-scale review of what the Agency intends to do in connection with the Bicentennial. With your permission we will furnish it to the committee.

INFORMATION CENTER ACTIVITIES IN WESTERN EUROPE

Mr. FLYNT. Is that effort, as it relates to Western Europe, reflected in the requested increase for Information Centers and Related Activities?

Mr. SILVERMAN. The increase for Western Europe in Information Centers and Related Activities is purely an increase related to the in-

creasing costs of doing business. There is no increase built into that amount specifically related to the Bicentennial.

SPECIAL EUROPEAN PROGRAMS

Mr. FLYNT. What activities are covered by these special European programs?

Mr. SILVERMAN. It is the radio in the American sector known as RIAS, the USIS program and Information Center in West Berlin, and a new program just started in the German Democratic Republic in East Berlin.

EAST BERLIN PROGRAM

Mr. FLYNT. Tell the committee what you are doing in East Berlin.

Mr. KEOGH. In East Berlin we have a small operation, a public affairs officer assigned there essentially to begin a USIS program in that country. It will be a small and gradual beginning of information and cultural activities which we hope will have an impact, and we think he is making a good start.

Mr. CEDERBERG. "Pick" Littell?

Mr. KEOGH. That is right. He has had deep experience in Eastern European countries.

Mr. FLYNT. Does the program in East Berlin serve East Germany?

Mr. KEOGH. Yes; it does. We hope ultimately to have greater activity outside East Berlin. So far that has not materialized to any degree.

TRAVELING EXHIBITS IN SOVIET UNION AND EAST EUROPE

Mr. FLYNT. I believe that you have some traveling exhibits in the Soviet Union?

Mr. KEOGH. Yes, sir.

Mr. FLYNT. Do they also travel to other Eastern European countries?

Mr. KEOGH. Yes, sir, they do.

Mr. FLYNT. What is planned for fiscal year 1976 in regard to traveling exhibits in Eastern Europe? You can furnish that for the record.

[The information requested follows:]

TRAVELING EXHIBITS IN EASTERN EUROPE

There are 11 showings of East-West Cultural Exchange traveling exhibits planned in Eastern Europe in fiscal year 1976 as follows:

Country and name of exhibit:	Number of showings
Bulgaria—"Photography USA"-----	2
Czechoslovakia—"Photography USA"-----	3
Poland—"Agriculture" -----	3
Yugoslavia—"Space Research"-----	3

EXHIBIT: "TECHNOLOGY FOR THE AMERICAN HOME"

Mr. KEOGH. I might tell you about our exhibit at this time in the Soviet Union. It is "Technology for the American Home." It is an exhibit that tells about American houses, apartments, really how Americans live in their residences. It is now in its second city. It will be in six all told and we think it is going to be a very effective exhibit.

EXCHANGE AGREEMENT

Mr. FLYNT. Would you tell us about the exchange agreement which provides for these traveling exhibits as it relates to the provisions of the showing of certain Eastern European and Soviet Union exhibits in the United States?

Mr. KEOGH. We have an international agreement with the Soviet Union which specifies that they will have exhibits here and we have exhibits in their country.

Mr. FLYNT. On a quid pro quo basis?

Mr. KEOGH. On a quid pro quo basis.

Mr. FLYNT. Tell us for the record what is done in this regard.
[The following information was submitted:]

U.S.-U.S.S.R. CULTURAL EXCHANGE EXHIBITS

The showing of the first series of U.S.-U.S.S.R. Cultural Exchange traveling exhibits was begun in the summer of 1961 under an agreement which was signed on November 21, 1959. Subsequent agreements between the United States and the U.S.S.R. have provided for additional exhibits, and the Eighth Series of such exhibits is showing now.

From 1961 to 1974, the United States produced 12 exhibits under these agreements which were shown in various cities in the U.S.S.R. These exhibits were titled: "Plastics—U.S.A." "Transportation—U.S.A." "Medicine—U.S.A." "Technical Books—U.S.A." "Graphic Arts—U.S.A." "Communications—U.S.A." "Architecture—U.S.A." "Hand Tools—U.S.A." "Industrial Design—U.S.A." "Education—U.S.A." "Research and Development—U.S.A." and "Outdoor Recreation—U.S.A." During this same period, the U.S.S.R. produced the following 11 exhibits which were shown in various U.S. cities: "Children's Books and illustrations," "Medicine and Medical Services," "Children's Artistic and Technical Work," "Technical Books," "Graphic Arts," "Public Health," "Children's Arts and Crafts Exhibition," "Education—U.S.S.R. Exhibit," "Soviet Union in Artistic Photographs," "Soviet Union: Arts and Crafts in Ancient Times and Today," and "Soviet Youth."

The last general cultural agreement between the United States and U.S.S.R. was signed on June 19, 1973, and covers the period January 1, 1974, through December 31, 1979. The annex to this agreement provides for the eighth exchange of traveling exhibits between the two countries. Specifically, the agreement stipulates that "one or two circulating exhibitions" will be shown by the United States and the Soviets during the period January 1, 1974, through December 31, 1976. The agreement further provides that the exhibits will be shown in nine cities for a period of up to 28 actual showing days in each city.

Under the eighth series cultural exhibits exchange, the Agency will show two exhibits: "Technology for the American Home—U.S.A." which is scheduled for six showings between February 1975 and March 1976; and "Photography—U.S.A." which is scheduled for three showings between June and December 1976. The U.S.S.R. plans to show an exhibit entitled "Siberia: Land of Tomorrow" between October 1975 and July 1976 in Washington, D.C., Fort Worth, Salt Lake City, Seattle, Chicago and a sixth city somewhere in the South still to be determined. As noted above, the Soviets have an option under the 1973 agreement to produce and show an additional exhibit in three U.S. cities before December 31, 1976.

KIEV PROGRAM

Mr. FLYNT. You have already discussed the request for the new facility in Kiev, U.S.S.R., in the amount of \$108,000.

Mr. KEOGH. Correct.

Mr. FLYNT. Are you operating in Kiev at all at the present time?

Mr. KEOGH. No; we are not.

Mr. FLYNT. This would be an entirely new USIS operation?
Mr. KEOGH. A new operation.

Mr. FLYNT. How large a facility are you planning in that location?
Provide that information for the record.
[The information requested follows:]

PROPOSED INSTALLATION IN KIEV

The Department of State is at present actively seeking to identify appropriate facilities for the U.S. consulate which is scheduled to be opened in Kiev in 1976. The Agency proposes to support this consulate with a small cultural program, consisting of a 2,500 to 3,000-volume library and an auditorium with a seating capacity of at least 80. Our staffing would consist of an American officer and three local contract personnel.

Mr. FLYNT. The committee will recess until 2 o'clock this afternoon.

THURSDAY, MAY 15, 1975.

AFTERNOON SESSION

Mr. SLACK. The committee will please come to order.

PERSONNEL TRANSFERS, FISCAL YEAR 1974

Mr. Keogh, would you furnish us with a list of transfers of personnel?

Mr. KEOGH. Yes, sir.

Mr. SLACK. Without objection, the list covering the transfers of personnel of USIA for fiscal year 1974 will be made a part of the record at this point.

[The list referred to follows:]

TRIPS FROM HOMETOWN TO WASHINGTON FOR NEW FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>From</u>	<u>To</u>	<u>Per Diem and Travel</u>	<u>House- hold Effects</u>	<u>Auto</u>	<u>Total Cost</u>
ARNETT, David L.	FSR-3	2	New Orleans, Louisiana	D.C.	\$ 100	\$ 275	--	\$ 375
ASHENFELTER, Robert L.	FSR-3	2	Dayton, Ohio	D.C.	63	852	--	915
AUSTRIAN, Shelia	FSIO-8	1	Nicosia, Cyprus	D.C.	850	--	--	850
BERSTEIN, Rose S.	FSR-8	0	Pawtucket, Rhode Island	D.C.	53	50	--	103
BLUME, Wilbur T.	FSR-3	3	Redlands, California	D.C.	742	2,642	--	3,384
CALANDRA, Barbara C.	FSR-8	0	Williamsville, New York	D.C.	46	144	--	190
DAWSON, William C.	FSR-7	0	New Orleans, Louisiana	D.C.	110	75	--	185
DUBROW, Stephen M.	FSIO-7	1	Providence, Rhode Island	D.C.	125	410	--	535
ERB, Herbert B.	FSR-7	2	Marietta, Georgia	D.C.	116	815	--	931
ESHAM, Barbara J.	FSS-7	2	Haddonfield, New Jersey	D.C.	23	678	--	701
FALKE, Lucy S.	FSS-7	1	Richmond, Virginia	D.C.	19	100	--	119
GARZA, Leopoldo	FSS-8	1	San Antonio, Texas	D.C.	218	1,666	--	1,884
HAMILTON, Don R.	FSR-7	0	Tulsa, Oklahoma	D.C.	162	353	--	515
HASKEL, Janelle	FSR-8	1	Poughkeepsie, New York	D.C.	59	1,082	--	1,141
JONES, Alfred	FSR-7	1	Munich, Germany	D.C.	1,021	--	--	1,021
KAPLAN, Richard J.	FSR-7	0	Boston, Massachusetts	D.C.	63	187	--	250
KIM, Patricia A.	FSIO-7	0	Los Angeles, California	D.C.	172	100	--	272
KURAKANE, David	FSS-8	0	Los Angeles, California	D.C.	176	360	--	536
LEVY, Joel J.	FSR-7	2	Stanford, Connecticut	D.C.	60	915	--	975
LOWELL, William F.	FSR-8	1	Los Angeles, California	D.C.	397	1,554	--	1,951
MCCORMICK, Nancy	FSC-8	0	Citrus Heights, California	D.C.	167	532	--	699
MEADE, Robert J.	FSR-7	1	Denville, New Jersey	D.C.	33	107	--	140
OLSSON, Karl F.	FSR-7	1	Omaha, Nebraska	D.C.	162	578	--	740
PELFREY, William G.	FSR-8	0	Roseville, Michigan	D.C.	55	145	--	200
PLOTKIN, Lawrence I.	FSR-7	0	Culver City, California	D.C.	172	300	--	472
RUEDY, Ralph H.	FSR-7	1	Durham, North Carolina	D.C.	87	353	--	440
RYAN, Thomas W.	FSR-8	3	Lafayette, Louisiana	D.C.	423	1,059	--	1,482
SHELDON, Courtney	FSR-1	1	D.C.	New York	94	450	--	544
SIMS, Dudley O.	FSR-5	4	Opa Locka, Florida	D.C.	275	1,950	--	2,225
TAYLOR, Louise	FSR-8	0	Munich, Germany	D.C.	750	--	--	750
WILSON, Douglas B.	FSR-8	0	Tucson, Arizona	D.C.	157	168	--	325

APPOINTMENT TRIPS FOR NEW FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>From</u>	<u>To</u>	<u>Per Diem and Travel</u>	<u>House- hold Effects</u>	<u>Auto</u>	<u>Total Cost</u>
BAKER, Patricia B.	FSS-7	1	D.C.	Asuncion	\$ 868	\$1,381	\$1,583	\$3,832
BOYD, Theodore A.	FSIO-7	1	D.C.	Santo Domingo	275	549	--	824
EVANS, David L.	FSR-7	0	D.C.	San Jose	222	255	--	477
HALLBERG, Richard I.	FSR-5	5	D.C.	Rio de Janeiro	2,083	3,614	--	5,697
HASHIMOTO, Robert T.	FSIO-7	0	D.C.	La Paz	403	1,744	480	2,627
KING, K. Kimberly	FSR-5	0	D.C.	Bogota	250	350	--	600
MEADE, Robert J.	FSR-7	1	D.C.	Panama	389	2,054	571	3,014
TAGLE, Lilian L.	FSR-4	0	D.C.	Tegucigalpa	234	2,258	--	2,492
THOMPSON, Mary C.	FSS-8	0	Forth Worth, Texas	Brasilia	480	1,281	504	2,265
AUSTRIAN, Shelia	FSR-8	0	D.C.	Nicosia	692	--	--	692
BARRY, David F.	FSIO-7	3	D.C.	Stockholm	1,536	3,102	--	4,638
CHAMPION, Beverly C.	FSR-7	0	D.C.	Bonn	366	489	--	855
MCGIMPSEY, James L.	FSR-7	0	D.C.	Ankara	512	990	--	1,502
WILSON, Douglas B.	FSIO-8	1	D.C.	Naples	790	564	--	1,354
BAUTCH, Suzanne G.	FSS-9	0	Lake Oswego, Ore.	Saigon	919	558	--	1,457
CATTERSON, William A.	FSR-5	3	D.C.	Manila	2,113	2,206	1,172	5,491
GONG, Richard D.	FSR-7	1	D.C.	Manila	1,609	2,512	--	4,121
HARATUNIAN, Mourad W.	FSR-2	4	D.C.	Bangkok	3,484	1,893	--	5,377
HOWARD, J. Daniel	FSIO-7	3	D.C.	Tokyo	1,928	1,647	820	4,395
NEWMAN, Jane P.	FSR-5	0	D.C.	Bangkok	709	312	--	1,021
QUINTON, Jo Ann	FSS-8	0	D.C.	Rangoon	895	525	--	1,420
SPECTOR, J. Brooks	FSIO-8	0	D.C.	Jakarta	758	792	957	2,507
BODEEN, Virgil D.	FSR-6	3	Univ. City, Mo.	Beirut	2,142	2,036	--	4,178
BOERNER, Alfred V.	FSR-2	4	D.C.	Islamabad	3,452	1,442	1,239	6,133
CALLAHAN, James J.	FSIO-3	0	D.C.	Beirut	636	367	--	1,003
FALKE, Lucy S.	FSS-7	1	D.C.	Dacca	1,670	500	--	2,170
GORIN, Stuart	FSR-5	3	D.C.	Islamabad	2,393	4,261	1,135	7,789
HALL, Robert B.	FSIO-8	0	D.C.	Beirut	638	963	--	1,601

APPOINTMENT TRIPS FOR NEW FOREIGN SERVICE PERSONNELFISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>From</u>	<u>To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
HAMILTON, Don R.	FSR-7	0	D.C.	Tel Aviv	\$ 618	\$ 822	\$1,008	\$2,448
MATTRAN, Gerald C.	FSIO-7	4	D.C.	Khartoum	3,296	14,829	677	18,802
MOSER, Patricia J.	FSR-7	0	D.C.	Nairobi	760	1,695	--	2,455
WASHINGTON, Don Q.	FSR-7	0	D.C.	Addis Ababa	670	430	--	1,100
BENNETCH, Dorothy J.	FSS-8	0	D.C.	Warsaw	360	540	--	900
DACHI, Stephen F.	FSR-3	4	D.C.	Budapest	1,635	3,209	778	5,622
JOHNSON, John A.	FSR-7	2	D.C.	Moscow	1,188	1,895	--	3,083
PLOTKIN, Lawrence I.	FSIO-7	0	D.C.	Warsaw	360	284	--	644
WILLS, E. Ashley	FSIO-8	1	D.C.	Bucharest	1,276	2,049	1,044	4,369

SEPARATION TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	From	To	Per Diem and Travel	House- hold Effects	Auto	Total Cost
ADAMS, Lucie E.	FSR-3	0	Mexico City	Albuquerque, New Mexico	\$ 246	\$ 1,681	\$ —	\$1,927
ALLRED, Dennis A.	FSIO-5	0	Santiago	Chicago, Illinois	434	1,404	—	1,838
FRISCO, Mary	FSIO-4	0	Caracas	Honolulu, Hawaii	500	2,107	—	2,607
KRAMER, Garnetta	FSIO-3	0	Mexico City	Oak Park, Illinois	475	1,192	—	1,667
MINOR, Ainslie B.	FSR-3	2	Port-au-Prince	Deland, Florida	696	4,554	—	5,250
SCHMIDT, Darrell P.	FSR-5	0	Tegucigalpa	Hays, Kansas	462	1,500	—	1,962
SETTLE, James D.	FSIO-6	2	Lima	Amherst, Virginia	720	2,576	—	3,296
WOGGON, Theodore	FSR-3	2	Caracas	Camp Douglas, Wisconsin	900	2,000	—	2,900
WOOD, F. Brayton	FSR-5	3	Guadalajara	Guadalajara	1,000	2,500	—	3,500
ALDRIDGE, John W.	FSR-1	1	Bonn	Ann Arbor, Michigan	787	1,063	—	1,850
BRAUN, William K.	FSIO-2	1	Rome	Cincinnati, Ohio	1,100	3,252	—	4,352
EBERHARDT, Charles L.	FSR-3	0	Rome	Gainesville, Florida	559	2,642	—	3,201
HARRIS, Russell L.	FSIO-2	4	Paris	San Francisco, Calif.	1,839	2,500	—	4,339
HEISKANEN, Pilitti	FSR-3	1	Helsinki	D.C.	1,407	3,359	—	4,766
JORY, Frances S.	FSS-6	0	Copenhagen	Baltimore, Maryland	400	478	—	878
KEEL, M. Franklin	FSIO-7	1	Athens	Lawton, California	1,000	1,182	—	2,182
KOKKONEN, Shirley K.	FSS-7	2	Helsinki	Vallejo, California	2,130	4,568	—	6,698
LECLAIR, Leopold J.	FSIO-2	1	Athens	Peterborough, New Hamp.	914	4,034	963	5,911
LEE, Howard F.	FSR-6	0	Paris	San Bernardino, Calif.	750	1,018	—	1,768
WILCOX, Wayne A.	FSR-1	5	London	Houston, Texas	2,700	3,000	750	6,450
BARKER, John S.	FSIO-2	3	Saigon	Crossville, Tennessee	2,300	3,483	—	5,783
HERGET, Daniel J.	FSIO-3	1	Saigon	Los Angeles, California	1,714	2,762	—	4,476
HOLLAND, Edward W.	FSIO-5	0	Bangkok	Madison, New Jersey	826	1,586	—	2,412
PURCILLY, June	FSS-2	0	Vientiane	Naples, Florida	832	1,500	—	2,332
SQUIRES, Leslie A.	FSIO-1	2	Manila	Honolulu, Hawaii	2,904	3,912	786	7,602
AZOY, G. Whitney	FSIO-6	1	Tehran	Charlottesville, Va.	680	3,146	731	4,557
BENNETT, Lowell	FSIO-2	3	New Delhi	South Orange, New Jersey	2,740	5,453	—	8,193
KIRCHWEHM, Howard E.	FSIO-2	2	New Delhi	Chicago, Illinois	1,523	3,396	—	4,909
KRUSE, Thomas R.	FSIO-3	2	Lahore	Sarasota, Florida	5,472	4,430	—	9,902

SEPARATION TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>From</u>	<u>To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
THEODORE, Augustus J.	FSR-3	1	Tehran	Bradenton, Florida	\$1,944	\$ 2,500	\$ --	\$4,444
GRISE, Viola E.	FSS-4	0	Kinshasa	Springfield, Mass.	831	1,823	--	2,654
HUFF, Beverly	FSS-6	0	Abidjan	Santa Fe, New Mexico	847	2,281	--	3,128
ROSS, Roger P.	FSIO-2	3	Addis Ababa	Monterey, California	2,084	2,775	--	4,859
ALMASY, Betty J.	FSS-3	0	Belgrade	Youngstown, Ohio	529	2,508	--	3,037
GREEN, Patricia E.	FSS-4	0	Bucharest	Bullhead City, Arizona	—	1,000	--	1,000
HOUK, Wade B.	FSR-3	3	Vienna	Columbia, Maryland	1,297	2,627	1,349	5,273
BAKER, Dogulas J.	FSR-3	1	D.C.	D.C.	--	500	--	500
BERTRAM, Bruce I.	FSIO-3	3	D.C.	Waukesha, Wisconsin	164	2,157	--	2,321
BOASE, Alexander C.	FSR-4	2	D.C.	Santa Susana, Calif.	400	4,090	--	4,490
CHARTRAND, Stanley R.	FSS-3	1	D.C.	Boulder, Colorado	251	2,473	--	2,724
COX, Joe B.	FSIO-3	0	D.C.	Russells Point, Ohio	100	957	--	1,057
CRAIN, Donnell L.	FSR-5	0	D.C.	Seattle, Washington	182	1,250	--	1,432
DANCE, Darrell A.	FSR-2	1	D.C.	Largo, Florida	175	1,645	--	1,820
DOBSON, Mason C.	FSIO-4	4	D.C.	Key West, Florida	535	1,906	--	2,441
DOUGHERTY, H. Rowland	FSIO-3	2	D.C.	Honolulu, Hawaii	1,768	3,500	--	5,268
EAKIN, Frank	FSIO-3	1	D.C.	Plainfield, New Jersey	100	1,408	--	1,508
EBERSOLE, Robert P.	FSIO-3	1	D.C.	Gainesville, Florida	201	2,526	--	2,727
FISHER, Alan	FSIO-2	1	D.C.	Sarasota, Florida	168	1,829	--	1,997
FRANCISCO, Jean M.	FSS-8	0	D.C.	Los Angeles, California	196	1,142	--	1,338
GARVEY, Paul S.	FSR-3	0	D.C.	Boca Raton, Florida	80	950	--	1,030
GLASS, Robert J.	FSS-1	3	D.C.	Cumberland, Ohio	350	2,500	--	2,850
HARTRY, Theodore G.	FSIO-3	3	D.C.	Cambridge, Mass.	148	3,781	--	3,929
HORAN, Donald C.	FSR-4	2	D.C.	Fryeburg, Maine	200	2,045	--	2,245
LEE, Arthur R.	FSR-2	1	D.C.	Fajardo, Puerto Rico	868	4,341	--	5,209
LOWE, Pardee	FSR-3	2	D.C.	Palo Alto, California	425	4,793	--	5,218
MAGARY, Frank A.	FSIO-4	4	D.C.	Miami, Florida	338	2,699	--	3,037
MCCLOSKEY, Richard G.	FSIO-3	1	D.C.	Seattle, Washington	590	3,412	--	4,002
MCGOWAN, John E.	FSIO-1	2	D.C.	Honolulu, Hawaii	1,200	2,820	--	4,020

SEPARATION TRIPS FOR FOREIGN SERVICE PERSONNELFISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>From</u>	<u>To</u>	<u>Per Diem and Travel</u>	<u>House- hold Effects</u>	<u>Auto</u>	<u>Total Cost</u>
MOXNESS, Ronald G.	FSR-4	1	D.C.	Portland, Oregon	\$ 395	\$ 3,420	\$ --	\$3,815
PEEL, Harris	FSI0-3	4	Fort Bragg	Danby, Vermont	278	1,966	--	2,244
SILVERMAN, Arnold J.	FSI0-4	0	D.C.	Los Angeles, Calif.	--	1,500	--	1,500
THORNTON, Clarke W.	FSR-3	1	D.C.	San Francisco, Calif.	360	3,527	--	3,887
VENEGAS, Linda M.	FSS-7	0	D.C.	Pittsburgh, Penna.	39	639	--	678
WANDLER, Harvey W.	FSI0-4	1	D.C.	New York	90	1,455	--	1,545
WENDELL, Lewis C.	FSR-4	0	D.C.	D.C.	--	500	--	500
WOLDMAN, Joel M.	FSI0-4	0	D.C.	D.C.	--	235	--	235

HOME LEAVE ROUND TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post of Assignment</u>	<u>Home Leave City</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
BARTON, John B.	FSIO-5	2	Managua	Media, Penna.	\$1,629	\$ --	\$ --	\$1,629
BECCHETTI, Fred	FSIO-3	5	Mexico City	Albuquerque, N. Mex.	1,922	--	--	1,922
CARROLL, James B.	FSIO-4	5	Mexico City	Lyons, Ill.	2,000	--	--	2,000
CHAROUHAS, Thomas G.	FSIO-3	3	Guatemala	Seattle, Wash.	2,183	--	--	2,183
CHATTEEN, Robert L.	FSIO-2	3	Bogota	Redondo Beach, Calif.	3,333	--	--	3,333
CLIFFORD, Sharon M.	FSS-5	0	Caracas	Wells, Minnesota	999	--	--	999
CHUBER, R. Don	FSIO-5	1	San Salvador	Gedson, Alabama	882	--	--	882
DENNIS, John L.	FSIO-4	4	Guadalajara	Stockton, Calif.	1,977	--	--	1,977
DU'KEKENS, Joy A.	FSIO-4	1	Caracas	Winchester, Mass	1,058	--	--	1,058
DIETERICH, William J.	FSIO-4	2	Buenos Aires	New Philadelphia, Ohio	2,959	--	--	2,959
DURBIN, Paula J.	FSIO-6	0	Buenos Aires	Honolulu, Hawaii	2,159	--	--	2,159
EWING, John J.	FSIO-4	1	Caracas	Central Valley, Calif.	1,738	--	--	1,738
GALLAGHER, Jack W.	FSIO-3	8	Lima	Apollo, Penna.	5,406	--	--	5,406
GIBRONS, Robert R.	FSS-3	6	Lima	St. John's Arizona	4,424	--	--	4,424
HALSTED, James J.	FSIO-1	6	Santiago	Pacific Palisades, Calif.	6,652	--	--	6,652
HOWARD, Carl D.	FSIO-4	3	Brasilia	Devine, Texas	3,163	--	--	3,163
JOHNSON, Joe B.	FSIO-6	1	Asuncion	Dallas, Texas	2,824	--	--	2,824
MATEER, William C.	FSIO-2	2	San Salvador	Urbana, Ohio	1,279	--	--	1,279
NORTH, Charles V.	FSR-4	1	Bogota	Albuquerque, N. Mex.	2,049	--	--	2,049
REEBER, Mary K.	FSIO-6	0	Lima	San Diego, Calif.	1,251	--	--	1,251
SAXTON, Paul J.	FSIO-7	0	Lima	Massapequa, New York	952	--	--	952
SHELBY, Barbara M.	FSIO-4	0	San Jose	Bahama, North Carolina	660	--	--	660
STEVIE, Phyllis	FSS-6	0	Asuncion	Sheridan, Wyoming	1,773	--	--	1,773
VILLARREAL, G. Claude	FSIO-3	2	Santiago	Laredo, Texas	2,948	--	--	2,948
WUNDER, Van S.	FSIO-6	1	Managua	Springfield, Ohio	2,600	--	--	2,600
ADLER, Kenneth P.	FSR-2	5	Munich	Hollywood, Florida	3,360	--	--	3,360
ALEXANDER, Edward	FCIO-2	3	Athens	Bayside, New York	5,451	--	--	5,451
ALTENUS, Paul B.	FSIO-5	1	Naples	Glen Ridge, New Jersey	2,394	--	--	2,394
AMBERJON, Burnett F.	FSIO-1	3	Paris	Grantsburg, Wisc.	3,604	--	--	3,604
ANTICO, Peter J.	FSIO-4	1	Rome	Bronx, New York	1,982	--	--	1,982
BARDOS, Arthur A.	FSIO-2	3	Brussels	Buffalo, New York	1,857	--	--	1,857

HOME LEAVE ROUND TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post of Assignment	Home Leave City	Per Diem and Travel	Household Effects	Auto	Total Cost
BELTRAN, Cesar D.	FSIO-6	1	Madrid	Fairfield, Calif.	\$1,968	\$ --	\$ --	\$1,968
BENJON, Raymond E.	FSIO-2	4	Ankara	Panama City Beach, Fla.	6,347	--	--	6,347
BORUF, Edgar S.	FSIO-3	1	Saarbrucken	McHenry, Illinois	1,335	--	--	1,335
CONLEY, James D.	FSIO-2	3	Lisbon	Glenview, Illinois	2,788	--	--	2,788
DODDS, Alan H.	FSIO-3	3	Naples	San Francisco, Calif.	3,302	--	--	3,302
DRAPEK, Frazier	FSIO-3	6	Paris	Meno Park, Calif.	4,396	--	--	4,396
FITZGERALD, Linda K.	FS-7	0	Helsinki	Elyria, Ohio	1,048	--	--	1,048
FORESTA, Donald A.	FSIO-4	4	Paris	Kingman, Arizona	4,001	--	--	4,001
FOTOC, Evan	FSIO-3	1	Milan	Carlisle, Penna.	1,800	--	--	1,800
GERT, Gerard M.	FSIO-2	0	Berlin	San Francisco, Calif.	1,282	--	--	1,282
GLEDHILL, Wayne F.	FSIO-5	3	Vienna	Salt Lake City, Utah	4,646	--	--	4,646
GRABELL, J. Alison	FSIO-6	0	Geneva	Teanack, New Jersey	918	--	--	918
HOPPHREY, Ronald L.	FSIO-4	1	Cologne	Burlington, Washington	2,595	--	--	2,595
JACOBSEN, William L.	FSIO-4	4	Lisbon	Seattle, Washington	3,276	--	--	3,276
JOHNSON, Thomas F.	FSIO-5	2	Heidelberg	Portland, Oregon	1,844	--	--	1,844
KAZAKOF, Anton N.	FSIO-4	1	Istanbul	St. Petersburg, Fla.	3,554	--	--	3,554
LECLAIR, Leopold J.	FSIO-2	1	Athens	Chicago, Illinois	2,823	--	--	2,823
LINDBERG, Roman L.	FSIO-3	2	Paris	Moscow, Idaho	3,927	--	--	3,927
MCKEONALD, James M.	FSIO-2	3	Rome	Long Valley, New Jersey	2,785	--	--	2,785
MEYER, James L.	FSIO-4	4	Stuttgart	Sacramento, Calif.	5,347	--	--	5,347
MUDIC, Paul A.	FSIO-2	1	Munich	Euclid, Ohio	2,840	--	--	2,840
PULLOCK, Gladys A.	FS-5	0	London	Bridge City, Texas	1,176	--	--	1,176
PUGH, William H.	FSIO-3	4	Helsinki	D.C.	4,531	--	--	4,531
RALDAY, Harold F.	FSIO-4	4	Brussels	San Francisco, Calif.	4,691	--	--	4,691
ROBERTS, Alan A.	FSR-4	4	Barcelona	San Francisco, Calif.	5,569	--	--	5,569
ROTHARMEL, Marjory	FS-5	0	Paris	New Orleans, La.	1,588	--	--	1,588
TRAUB, Daniel L.	FSIO-4	0	Stockholm	Los Angeles, Calif.	1,787	--	--	1,787
WUTH, Robert C.	FSIO-2	4	Oslo	Sacramento, Calif.	4,135	--	--	4,135
WEYL, Michael	FSIO-1	2	Bonn	Princeton, New Jersey	2,074	--	--	2,074
WILLIAMS, Leonardo M.	FSIO-5	2	Athens	St. Paul, Minnesota	3,354	--	--	3,354
ZOZNIAK, Robert J.	FSIO-3	3	Nicosia	Grand Rapids, Michigan	3,234	--	--	3,234
ZELLER, Jack R.	FSIO-3	3	Bonn	Santa Rosa, Calif.	7,906	--	--	7,906

HOME LEAVE ROUND TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post of Assignment	Home Leave City	Per Diem and Travel	Household Effects	Auto	Total Cost
ANDERSON, James F.	FSIO-2	5	Sydney	Edgewater, Maryland	\$7,550	\$ --	\$ --	\$7,550
CLARKE, Robert J.	FSIO-1	7	Taipei	Fairfield, Conn.	8,389	--	--	8,389
CONVERSE, Margaret M.	FSIO-6	0	Vientiane	Joliet, Illinois	2,710	--	--	2,710
COPP, Jean T.	FSO-6	0	Saigon		4,800	--	--	4,800
CORBITT, Jane M.	FSIO-5	0	Singapore	Tryon, North Carolina	1,968	--	--	1,968
DONAHUE, Dennis D.	FSIO-5	4	Saigon	Indianapolis, Indiana	6,357	--	--	6,357
FRANKENSTEIN, John	FSIO-5	3	Hong Kong	San Francisco, Calif.	5,969	--	--	5,969
GEYER, Robert B.	FSIO-6	0	Taichung	Wynnewood, Penna.	2,160	--	--	2,160
HARDY, Howard W.	FSIO-3	4	Vientiane	Orange, New Jersey	4,794	--	--	4,794
HAWKINS, Fred D.	FSIO-2	1	Tokyo	D.C.	3,521	--	--	3,521
HEDGES, John L.	FSIO-1	4	Bangkok	Chevy Chase, Maryland	8,942	--	--	8,942
HODAI, Patrick T.	FSIO-6	2	Bangkok	Tacoma, Washington	4,626	--	--	4,626
HOGAN, John F.	FSIO-2	2	Saigon	Millbrae, Calif.	2,655	--	--	2,655
HOULAHAN, J. Michael	FSIO-5	1	Wellington	Mason City, Iowa	5,131	--	--	5,131
KATZKA, John E.	FSIO-6	3	Khon Kaen	Milwaukee, Wisc.	6,762	--	--	6,762
KLIEFORTH, Alexander A.	CM-1	1	Jakarta	San Diego, Calif.	6,309	--	--	6,309
LARTZ, John F.	FSR-3	2	Manila	Rockville, Maryland	7,680	--	--	7,680
MCCARTHY, Mary B.	FSIO-4	0	Bangkok	Los Angeles, Calif.	2,589	--	--	2,589
MENARD, H. James	FSIO-4	3	Seoul	Venice, Florida	5,369	--	--	5,369
MONSON, Reuben M.	FSIO-3	3	Kuala Lumpur	Dallas, Texas	6,159	--	--	6,159
MUELLER, Robert	FGR-4	0	Saigon	Elmhurst, Illinois	2,060	--	--	2,060
NEWMAN, Donald R.	FSIO-3	1	Bangkok	Three Oaks, Michigan	2,834	--	--	2,834
ROSACKER, Harlan F.	FSIO-5	3	Tokyo	Cleveland Heights, Ohio	5,492	--	--	5,492
SCHINDLER, Sol	FSIO-3	3	Seoul	Harrisburg, Penna.	5,526	--	--	5,526
SWENSON, John A.	FSIO-5	0	Saigon	Boscobel, Wisc.	2,271	--	--	2,271
SWENSON, Rosalind L.	FSIO-7	0	Saigon	Boscobel, Wisc.	1,815	--	--	1,815
TERADA, Margaret H.	FSIO-7	0	Jakarta	Harbor City, Calif.	2,447	--	--	2,447
THOMAS, Lawrence M.	FSIO-5	1	Can Tho	Chattanooga, Tenn.	3,829	--	--	3,829
THOMAS, Phillip F.	FSIO-4	2	Bangkok	Greenville, Tenn.	6,792	--	--	6,792
UYENO, Shirou	FSIO-3	3	Tokyo	Wheaton, Maryland	6,010	--	--	6,010
VAUGH, Arthur A.	FSIO-6	1	Medan	Providence, Rhode Island	6,207	--	--	6,207

HOME LEAVE ROUND TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post of Assignment</u>	<u>Home Leave City</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
ALDRIDGE, Ruth M.	FSS-6	0	Colombo	Florissant, Mo.	\$3,345	\$ --	\$ --	\$3,345
BEHRENS, Robert H.	FSIO-2	3	Rabat	Bethesda, Md.	5,493	--	--	5,493
BRADLEY, Holbrook	FSIO-2	2	Calcutta	Vero Beach, Fla.	6,962	--	--	6,962
CARPENTER, Phyllis M.	FSS-4	0	Beirut	Collingswood, New Jersey	2,070	--	--	2,070
CONLON, Edward J.	FSIO-3	3	Madras	Oak Park, Illinois	6,599	--	--	6,599
ESPIE, Stephen B.	FSS-2	4	New Delhi	Jacksonville, Fla.	8,858	--	--	8,858
GEHLE, David V.	FSIO-6	3	Kabul	Maria Stein, Ohio	5,939	--	--	5,939
GILMORE, Donald Y.	FSIO-2	5	New Delhi	Bristol, Rhode Island	8,637	--	--	8,637
GOLDMAN, Rita E.	FSS-7	0	Kathmandu	Cincinnati, Ohio	2,267	--	--	2,267
HAZLETT, McCrea	FSR-1	2	New Delhi	Rochester, New York	4,830	--	--	4,830
HEDITSIAN, Corinne A.	FSIO-4	0	Beirut	Warwick, Rhode Island	2,051	--	--	2,051
HOPWOOD, G. Richard	FSIO-3	1	Islamabad	Shelburne, Vermont	3,567	--	--	3,567
LORDING, Elizabeth A.	FSS-6	0	Jidda	Menlo Park, Calif.	1,857	--	--	1,857
LYDON, Roger M.	FSIO-3	4	New Delhi	Inglewood, Calif.	5,998	--	--	5,998
MANDERINO, Eva C.	FSS-5	0	Tunis	Bedford, Mass.	2,609	--	--	2,609
MELTON, John H.	FSIO-4	5	Algiers	Kalispell, Montana	7,515	--	--	7,515
MERIAN, Robert A.	FSIO-4	4	New Delhi	Springfield, Mo.	9,208	--	--	9,208
POLICHETTI, Louis E.	FSIO-4	2	Kabul	New York, New York	4,578	--	--	4,578
ROCK, John B.	FSS-3	0	Jidda	Manhattan Beach, Calif.	2,182	--	--	2,182
ROSS, Christopher W. S.	FSIO-4	2	Beirut	Huntington Park, Calif.	5,125	--	--	5,125
SABBAGH, Isa K.	FSIO-2	3	Beirut	D.C.	5,376	--	--	5,376
SCHLESSINGER, Andrew D.	FSIO-5	4	Jerusalem	San Francisco, Calif.	7,787	--	--	7,787
SMITH, James E.	FSIO-6	0	Jidda	Los Angeles, Calif.	1,937	--	--	1,937
VERNER, Jaroslav J.	FSIO-3	3	Kabul	Minneapolis, Minn.	7,995	--	--	7,995
BROWN, Nelson C.	FSIO-6	0	Lagos	New Orleans, La.	2,484	--	--	2,484
CATANOSO, Frank P.	FSIO-4	5	Addis Ababa	Altamonte Springs, Fla.	9,136	--	--	9,136
CUSHING, Richard G.	FSIO-1	2	Nairobi	Mill Valley, Calif.	7,497	--	--	7,497
LATTANZI, A. Frank	FSIO-4	2	Ibadan	Laredo, Texas	5,062	--	--	5,062
MAREK, Joseph I.	FSIO-4	4	Kaduna	Temple, Texas	6,643	--	--	6,643
MCGOVERN, Elaine A.	FSIO-7	0	Pretoria	Champaign, Illinois	3,202	--	--	3,202
MEDLIN, Violet L.	FSIO-6	0	Nairobi	Dongola, Illinois	2,125	--	--	2,125

HOME LEAVE ROUND TRIPS FOR FOREIGN SERVICE PERSONNELFISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post of Assignment</u>	<u>Home Leave City</u>	<u>Travel</u>	<u>Per Diem and Household Effects</u>	<u>Auto.</u>	<u>Total Cost</u>
PANCOAST, Edwin C.	FSIO-2	3	Accra	Fresno, Calif.	\$8,427	\$ --	\$ --	\$8,427
PERRIN, James	FSIO-3	1	Abidjan	Vero Beach, Fla.	4,358	--	--	4,358
PETERS, Phelon D.	FSIO-3	0	Lagos	Altadena, Calif.	2,354	--	--	2,354
PETERSON, Perry L.	FSIO-2	2	Pretoria	Medford, Oregon	7,183	--	--	7,183
PHELAN, Michael P.	FSIO-5	3	Tananaive	Birmingham, Michigan	6,765	--	--	6,765
RUSSELL, Roger S.	FSIO-6	2	Lubumbashi	Swarthmore, Penna.	3,084	--	--	3,084
TEEPLE, Howell S.	FSR-3	3	Monrovia	Houston, Texas	5,502	--	--	5,502
THOMAS, Isabell M.	FSR-4	0	Accra	Watsonville, Calif.	2,097	--	--	2,097
VOGEL, Patricia C.	FSIO-4	0	Yaounde	Lockhart, Texas	2,222	--	--	2,222
BALDYGA, Leonard J.	FSIO-3	3	Warsaw	Cicero, Illinois	3,487	--	--	3,487
BARON, Robert K.	FSIO-4	3	Belgrade	Chicago, Illinois	4,852	--	--	4,852
DALY, John J.	FSIO-3	3	Zagreb	Eagle Mountain, Calif.	7,196	--	--	7,196
HARROD, John P.	FSIO-5	1	Poznan	Manchester, New Hamp.	2,497	--	--	2,497
HORRELL, Ruthe	FSS-7	0	Prague	Mckinleyville, Calif.	1,481	--	--	1,481
KINZER, George C.	FSIO-5	3	Prague	Tacoma, Washington	3,970	--	--	3,970
MCCREADY, George H.	FSS-2	6	Warsaw	Baltimore, Maryland	6,121	--	--	6,121
NALLE, David	FSIO-1	3	Moscow	D.C.	4,386	--	--	4,386
RAYMOND, Thomas H.	FSS-4	2	Belgrade	Seattle, Washington	4,164	--	--	4,164
SHEEHAN, Donald F.	FSIO-4	4	Leningrad	Troy, New York	4,214	--	--	4,214
SHER, Ronald	FSIO-3	1	Belgrade	Windom, Minnesota	2,298	--	--	2,298

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post From</u>	<u>Home Leave City</u>	<u>Post To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Total Cost</u>
						Auto		
ANDERSON, Parker J.	FSIO-6	1	Cuzo	San Francisco, Calif.	London	\$1,852	\$6,585	\$8,437
ANDERSON, Sarah R.	FSIO-6	0	Port-of-Spain	Charleston, W. Va.	Athens	781	2,114	3,256
AVENIUS, Sheldon H.	FSIO-4	4	Maracaibo	Valhalla, New York	D.C.	816	5,692	6,508
CHANNING, James F.	FSIO-4	2	Cordoba	Alexandria, Va.	D.C.	1,005	10,909	11,914
CHAPLIN, Stephen M.	FSIO-5	1	Hermosillo	Honolulu, Hawaii	D.C.	1,128	4,694	5,822
CHIARELLO, Vincent	FSIR-5	4	Barranquilla	Merrick, New York	D.C.	1,600	3,400	5,000
CULPEPPER, James L.	FSIO-3	3	Rio de Janeiro	Everett, Wash.	Saigon	3,447	8,609	12,056
DANIEL, Howard E.	FSIO-6	2	Brasilia	Deal Park, N.J.	Belo Horizonte	2,280	2,636	4,916
DEROSA, Josephine E.	FSS-8	0	LaPaz	Seal Beach, Calif.	Jidda	1,468	1,805	3,273
EILERY, Douglas A.	FSIO-3	2	San Salvador	Minneapolis, Minn.	Monterrey	1,941	4,971	6,912
FANGETT, Jack B.	FSIO-3	2	Guayaquil	Brush, Colorado	Dacca	5,903	6,690	13,867
FRIEDMAN, Eugene J.	FSIO-2	3	Buenos Aires	Cincinnati, Ohio	D.C.	1,725	2,032	3,757
HAMOLSKY, Sidney L.	FSIO-3	4	Bogota	Malden, Mass.	Brasilia	4,074	9,507	13,581
HARTER, Eugene C.	FSS-1	4	Sao Paulo	Dayton, Ohio	D.C.	2,285	7,364	10,673
HARTLEY, J. Frederick	FSIO-3	3	Santo Domingo	Gainsville, Fla.	D.C.	592	2,125	2,717
JONES, Clement D.	FSIO-3	2	Recife	St. Petersburg, Fla.	D.C.	1,227	5,341	6,568
KEANY, Mary I.	FSS-5	0	San Salvador	Milton, Mass	D.C.	367	841	1,208
KEITH, Harry	FSIO-2	4	Buenos Aires	Westwood, New Jersey	D.C.	3,318	4,390	7,708
KNEEBONE, Terrence	FSIO-4	4	Lima	Ogden, Utah	D.C.	2,020	3,698	5,718
LAUN, Alfred A.	FSIO-4	0	Cordoba	Kiel, Wisconsin	D.C.	827	635	1,462
MCLIHINEY, Gary P.	FSIO-7	1	Sao Paulo	Waltham, Mass.	Tucuman	2,052	3,470	5,522
MILTON, Robert P.	FSIO-5	3	Mexico City	Marietta, Ga.	Hermosillo	1,500	1,231	2,731
MINUTILLO, Robert N.	FSIO-4	2	Rosario	Leominster, Mass.	La Paz	2,676	5,539	8,215
MURPHY, Diane M.	FSIO-6	1	Caracas	Euclid, Ohio	Concepcion	2,300	1,500	3,800
NEWMAN, Yale	FSIO-3	2	Panama	Los Angeles, Calif.	Caracas	1,300	5,857	7,861
PACE, Vance C.	FSIO-5	4	Tegucigalpa	Ogden, Utah	Las Vegas, Nev.	1,583	4,104	6,698
PALMER, James C.	FSIO-6	5	Kingston	Blanding, Utah	Madras	5,401	3,432	9,903
RICCIO, Robert A.	FSIO-3	4	Buenos Aires	Hope Valley, R. I.	D.C.	2,322	10,778	13,100
ROSALES, Dorothy A.	FSS-6	0	Rio de Janeiro	San Antonio, Texas	D.C.	402	700	1,102
RUBEN, Janet E.	FSIO-5	0	Rio de Janeiro	Bakersfield, Calif.	D.C.	599	3,453	4,052
RYLANCE, George A.	FSIO-1	4	Mexico City	Columbia, S. Carolina	Madrid	2,633	4,169	721
SIGMUND, Anne M.	FSIO-6	0	Nicaragua	Wichita, Kansas	D.C.	253	736	989

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Home Leave City	Post To	Per Diem and Travel	Household Effects	Auto	Total Cost
SILVIA, Edward A.	FSS-4	1	Cali	Fairbault, Minn.	D.C.	\$1,802	\$5,040	\$ --	\$6,842
SPENCER, Charles S.	FSR-4	3	Lima	Waynesboro, Tenn.	D.C.	979	6,743	--	7,722
Stevens, Michael G.	FSIO-6	2	Quito	Seville, Ohio	Santiago	1,994	3,657	604	6,255
SWITZER, Thomas	FSIO-5	0	Morelia	Denver, Color.	Caracas	389	510	--	899
THOMAS, Robert A.	FSR-4	5	Mexico City	Philadelphia, Penna.	D.C.	949	3,232	--	4,181
WATSON, William S.	FSR-5	2	Cartagena	Lemore, Calif.	D.C.	1,312	889	518	2,719
WATT, John D.	FSIO-6	0	Mendoza	Austin, Texas	Mexico City	1,053	1,627	--	2,680
WILLIAMS, John S.	FSIO-6	1	Tucuman	Plymouth, Michigan	D.C.	1,078	3,755	--	4,833
ZIFF, Norman	FSIO-4	2	Bogota	Long Beach, Calif.	D.C.	1,573	5,685	--	7,258
ZISCHKE, Douglas A.	FSIO-2	4	Guatemala	La Crosse, Wisc.	Carlisle, Pa.	1,126	6,093	225	7,444
ALLEN, Barbara J.	FSIO-6	0	Rome	St. Louis, Mo.	Dar-es-Salaam	1,443	975	--	2,418
AMERSON, Robert	FSIO-1	3	Madrid	Watertown, S. Dakota	Rome	4,774	1,968	217	6,959
CALHOUN, Thomas A.	FSIO-4	3	Athens	Santa Rosa, Calif.	Ouagadougou	3,026	5,429	--	8,455
CLAYTON, John D.	FSIO-3	3	Ankara	Ada, Oklahoma	D.C.	2,625	2,391	--	5,036
COOK, Robin E.	FSS-6	0	Brussels	Torrance, Calif.	Belgrade	1,989	2,906	455	5,350
CZUCZKA, George T.	FSIO-3	2	Vienna	San Francisco, Calif.	New Delhi	4,513	5,238	1,783	11,534
EAKIN, Terry C.	FSIO-4	4	London	Denver, Colorado	D.C.	1,996	3,312	--	5,308
GARRITY, Robert W.	FSIO-3	4	Reykjavik	Watertown, Mass.	Honolulu	5,252	13,309	481	19,042
GOODMAN, Ernest E.	FSIO-3	2	Copenhagen	Los Angeles, Calif.	D.C.	2,898	4,127	--	7,025
HAYSE, Richard F.	FSIO-6	3	London	Seattle, Wash.	Dakar	3,427	3,000	1,656	8,083
HINKER, Edward J.	FSIO-5	0	Munich	Minneapolis, Minnesota	D.C.	682	1,842	--	2,524
KINCAID, Nancy E.	FSS-5	1	Copenhagen	Long Beach, Calif.	D.C.	861	2,106	--	2,967
KOCH, Bruce R.	FSIO-4	2	Tuebingen	West Lawn, Penna.	Bonn	2,041	1,721	--	3,762
KORDER, John F.	FSIO-3	3	Brussels	Chicago, Illinois	D.C.	1,363	3,995	666	6,024
KREUTZER, Bruce J.	FSR-3	4	Ankara	San Diego, Calif.	New Delhi	6,151	8,358	1,795	16,304
KROESE, Evelyn K.	FSIO-6	0	Istanbul	Los Angeles, Calif	Copenhagen	1,322	2,052	--	3,374
LAMBERT, David H.	FSIO-6	0	Athens	San Diego, Calif	D.C.	853	1,412	902	3,167
MCDOWELL, Robert E.	FSIO-5	0	Izmir	Louisville, Kentucky	London	1,428	1,445	--	2,873
MORRISON, Dale A.	FSIO-3	2	Oslo	Chicago, Illinois	D.C.	1,288	4,481	--	5,769
MOYER, Lezetta J.	FSIO-7	1	Munich	Boston, Mass.	Port-of-Spain	1,424	4,251	--	5,675
NADLER, Seymour I.	FSIO-2	3	Ankara	D.C.	D.C.	2,167	2,828	--	4,995

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Home Leave City	Post To	Per Diem	Household Travel	Effects	Auto	Total Cost
PETERSON, Barbara	FSS-2	0	Ankara	Rocky River, Ohio	D.C.	\$ 953	\$ 2,282	\$800		\$4,035
PLOTKIN, Robert D.	FSIO-4	2	Valetta	Los Angeles, Calif.	Palo Alto, Cal.	1,574	6,266	--		7,840
PRASS, Nancy A.	FSS-4	0	Bonn	Ft. Lauderdale, Fla.	D.C.	445	2,405	--		2,850
SADLIK, Joseph J.	FSIO-4	4	Bonn	McLean, Virginia	D.C.	1,520	5,177	831		7,528
SANDSTROM, John L.	FSIO-3	3	Berlin	Minneapolis, Minn.	D.C.	1,759	4,328	675		6,762
SCHAFFER, Eugene M.	FSIO-3	6	London	Meridian, Miss.	D.C.	3,089	3,008	--		6,097
SHETTERLY, Howard E.	FSR-3	9	Barcelona	Wilmington, Ohio	D.C.	2,349	10,860	--		13,209
SHOLES, Christopher	FSIO-3	4	Istanbul	West Rockport, Maine	Lahore	7,712	3,478	--		11,190
STANLEY, Diane	FSIO-4	0	Madrid	Bradenton, Florida	D.C.	510	3,367	--		3,877
STEPHENS, Bart N.	FSIO-3	5	Stuttgart	Dunedin, Florida	D.C.	2,143	14,479	518		17,140
STEPHERSON, Elton	FSIO-4	2	Paris	Compton, Calif.	Libreville	3,726	6,264	988		10,978
STERN, Sonja H.	FSS-8	0	Brussels	West Covina, Calif.	Rabat	1,376	1,077	--		2,453
STRATMON, David L.	FSIO-3	3	Paris	Gary, Indiana	Tunis	3,609	1,785	536		5,930
SZOJAK, Mildred I.	FSS-6	0	Ankara	Indian Rocks, Fla.	Bangkok	1,841	4,482	2,010		8,333
WELSH, Anne V.	FSS-5	0	Stockholm	El Paso, Texas	Bucharest	1,409	1,274	--		2,683
WELSH, James K.	FSIO-3	2	Paris	Franconia, New Hamp.	Istanbul	2,835	1,395	--		4,230
AYERS, Patricia C.	FSIO-4	0	Saigon	Winter Garden, Fla.	Taichung	1,597	--	--		1,597
AYERS, Thomas W.	FSIO-3	0	Saigon	Winter Garden, Fla.	Taichung	1,597	1,658	--		3,255
BASKIN, Myron	FSIO-3	2	Canberra	Kenmore, New York	Bonn	2,708	4,889	250		8,447
BATTLEY, Bryan N.	FSIO-2	4	Saigon	Arlington, Virginia	D.C.	1,000	884	--		1,884
BILLINGSLEA, Ella T.	FSS-7	0	Saigon	Westminster, Md.	D.C.	979	1,834	--		2,813
BURNS, James D.	FSIO-5	3	Bangkok	Laurel, Miss.	Santiago	3,878	11,333	717		15,928
CARTER, Alan	FSIO-1	2	Tokyo	D.C.	Saigon	4,705	3,960	--		8,665
COOKE, Doris S.	FSS-6	0	Bangkok	Los Angeles, Calif.	Saigon	1,999	2,366	801		5,166
COWARD, Francis P.	FSR-3	3	Bangkok	Rensselserville, N.Y.	Rangoon	7,442	6,273	--		13,715
DRAKE, Emily J.	FSIO-6	0	Tokyo	Malden, Mass.	Ankara	1,764	1,869	--		3,633
FIELD, Elaine M.	FSIO-6	1	Taipei	Lebanon, Ill.	Nicosia	2,288	2,934	--		5,222
FINDLAY, Edward J.	FSIO-3	5	Tokyo	Minneapolis, Minn.	Canberra	13,531	3,288	1,019		17,838
GAUSMANN, Wm. C.	FSI-3	3	Saigon	D.C.	D.C.	1,963	1,580	--		3,543
GILDEA, Robert V.	FSIO-3	2	Vientiane	Coaldale, Penna.	Bonn	4,521	3,304	912		8,737
GUZOWSKI, Andrew P.	FSIO-3	2	Vientiane	Bradford, Penna.	Paris	3,727	4,066	--		7,793

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Home Leave City	Post To	Per Diem and House-hold	Travel	Effects	Auto	Total Cost
HAWORTH, Mervin E.	FSIO-3	3	Taipei	Wheaton, Maryland	Hong Kong	\$4,984	\$ 6,328	\$ --	\$11,312	
HOLS, John A.	FSR-4	3	Saigon	Burlington, Iowa	D.C.	3,599	2,504	--	6,103	
HORNING, Stevan M.	FSIO-6	1	Tokyo	Indianapolis, Indiana	Manila	2,864	3,019	--	5,883	
KOMAI, Ray	FSIO-3	2	Tokyo	South Nyack, New York	D.C.	2,581	4,079	--	6,660	
LAHEY, Charles J.	FSIO-3	4	Cebu	Sharpsburg, Penna	D.C.	7,353	3,057	900	11,310	
LIU, Theodore M. I	FSIO-3	2	Tokyo	Arlington, Virginia	D.C.	2,006	3,782	1,021	6,809	
LOWDERMILK, Wm. F.	FSS-1	3	Saigon	Silver Springs, Md.	Rhodes	1,999	5,689	1,045	8,733	
LUDWIG, Carol E.	FSIO-6	0	Tokyo	Des Moines, Iowa	D.C.	780	1,098	--	1,878	
MAGEE, Charles M.	FSIO-3	2	Seoul	Jacksonville, Fla.	D.C.	2,558	3,840	--	6,398	
MAGEE, James J.	FSR-3	4	Seoul	Pompano Beach, Fla.	Rio de Janeiro	3,997	4,728	--	8,725	
MARTIN, Ann Jeryl	FSIO-7	0	Pangkok	Shelbyville, Tenn.	Bogota	1,531	1,187	--	2,718	
MCCONEGHEY, Harold	FSIO-2	3	Rangoon	Arlington, Virginis	D.C.	3,362	3,426	--	6,788	
MOUNT, Robert W.	FSIO-2	3	Jakarta	Carson City, Nevada	D.C.	4,330	5,381	--	9,711	
MURPHY, Ellen P.	FSS-7	0	Rangoon	Arden City, New York	Moscow	2,081	2,784	--	4,865	
OTTERSON, John P.	FSR-3	1	Manila	Tampa, Florida	D.C.	1,493	1,996	1,284	4,773	
PANACCIONE, Paul D.	FSIO-6	2	Manila	Hampton, New Hamp.	Cebu	5,338	1,926	--	7,264	
PETERSON, Robert	FSIO-5	0	Sapporo	Sheffield, Ohio	Princeton, N.J.	1,031	1,956	--	2,987	
POLLOCK, James C.	FSIO-4	3	Medan	Columbus, Ohio	Bonn	4,355	4,983	--	9,338	
POWELL, Phillip O.	FSR-3	3	Tokyo	Kennebunkport, Maine	D.C.	1,464	3,258	--	4,722	
ROSINUS, Gunther K.	FSIO-3	4	Manila	Indianapolis, Indiana	Berlin	5,453	4,905	--	10,358	
SMITH, David G.	FSIO-4	1	Chiang Mai	Long Island, New York	Lome	2,933	4,217	--	7,150	
SMITH, Morton S.	FSIO-2	5	Seoul	Beaverton, Oregon	D.C.	2,849	3,426	--	6,275	
SUGDEN, G. Scott	FSIO-3	4	Saigon	Sanford, Maine	D.C.	1,363	657	--	2,020	
TALARICO, Mary T.	FSS-6	0	Saigon	Seal Beach, Calif.	Ankara	1,979	1,915	--	3,894	
THORNLEY, Alfred R.	FSR-5	1	Bangkok	Lubbock, Texas	New Delhi	3,265	3,194	--	6,459	
TRICE, Eloise M.	FSS-6	0	Tokyo	Pittsburg, Penna.	Taipei	1,384	1,183	--	2,567	
ZUCKERMAN, Stanley	FSIO-3	5	Seoul	Dallas, Texas	D.C.	3,396	6,270	--	9,666	
ALLEN, Barbara S.	FSS-6	0	Colombo	Delray Beach, Fla.	Abidjan	1,761	1,271	--	3,032	
BAKER, James W.	FSR-4	3	Islamabad	Portsmouth, Virginia	D.C.	4,541	3,959	--	8,500	
BERNIER, C. Edward	FSR-4	3	Kabul	Selah, Wash.	Beirut	6,494	3,897	--	10,391	
BYERS, Bruce K.	FSIO-6	4	Tehran	Great Falls, Va.	Bombay	5,789	2,036	1,098	8,923	

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post From</u>	<u>Home Leave City</u>	<u>Post To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
COHEN, Harold S.	FSR-3	2	Islamabad	Sacramento, Calif.	Vienna	\$7,211	\$6,450	\$1,292	\$14,953
COLLINGE, Robert A.	FSIO-3	2	New Delhi	Deltona, Fla.	Johannesburg	4,586	3,030	1,240	8,856
COPKEY, Ila, M.	FSS-6	0	New Delhi	Red Cloud, Nebraska	Bonn	1,346	1,962	1,405	4,713
CROCKETT, Thomas J.	FSR-3	0	Tunis	Unionville, Conn.	Tel Aviv	2,088	1,289	825	4,202
DALGLIESH, Albert W.	FSR-6	0	Rabat	Newberry, Michigan	Beirut	1,315	852	757	2,924
DELIGANIS, George	FSIO-4	5	Dacca	Hudson, New York	D.C.	2,250	4,723	--	6,973
DOVE, Thomas C.	FSIO-3	1	Kathmandu	Bridgeport, Conn.	Vienna	1,700	11,451	1,039	14,190
FCTOUIHI, Abol F.	FSIO-3	1	Islamabad	Elizabeth City, N.C.	D.C.	3,587	5,001	--	8,588
KING, Alan M.	FSIO-6	0	Bombay	Memphis, Tenn.	Calcutta	1,724	1,005	--	2,729
LINCH, E. Russell	FSIO-2	3	Tehran	Carmel, Calif.	D.C.	3,872	5,598	--	9,470
MALIK, Boulos A.	FSIO-2	4	Beirut	Sacramento, Calif.	D.C.	3,250	3,060	--	6,310
MARQUIS, Bernie T.	FSIO-3	5	New Delhi	Spokane, Wash.	D.C.	2,870	5,370	--	8,240
MCCARTHY, John R.	FSIO-3	7	Rabat	Bellair Bluffs, Fla.	D.C.	6,226	9,759	--	15,985
MILLER, George E.	FSIO-3	3	Lahore	Springfield, Virginia	D.C.	3,489	5,499	--	8,988
PEPPERS, Ray	FSIO-4	4	Kabul	Beaufort, S. Carolina	D.C.	3,835	4,554	--	8,389
RASCO, Roger C.	FSIO-5	1	Riyadh	Beaumont, Texas	Newport, R.I.	1,206	2,637	--	3,843
RUSSELL, Howard H.	FSIO-3	4	Colombo	Perham, Minn.	Cairo	8,701	4,192	--	12,893
SCOTT, Frank A.	FSIO-3	3	Tel Aviv	D.C.	D.C.	2,293	5,116	--	7,409
SHAHEBZ, Mercy A.	FSS-4	0	Rabat	Turlock, Calif.	D.C.	688	3,853	772	5,313
SHAW, Dennis R.	FSS-3	3	Karachi	Canova, S. Dakota	Lagos	6,685	3,013	--	9,698
SHEAHAN, Cornelius	FSIO-5	0	Tel Aviv	Tuckahoe, New York	Vienna	1,151	1,245	--	2,396
TANEN, Ted N.	FSIO-2	2	Tunis	Los Angeles, Calif.	Paris	4,294	,595	--	7,889
THOMPSON, George	FSIO-3	2	Khartoum	Egg Harbor City, N.J.	Amman	2,710	3,579	2,004	8,293
THOMPSON, Wm. F.	FSIO-3	2	Tel Aviv	Minneapolis, Minn.	D.C.	1,555	3,625	--	5,180
TOWNSEND, Elizabeth	FSIO-5	0	Lahore	Palos Verdes, Calif.	Quito	1,718	7,697	803	10,218
WALTON, Frank H.	FSS-2	0	Tehran	Portland, Oregon	Nuernberg	1,450	1,208	--	2,658
WILSON, Sheila P.	FSS-8	0	Tangier	Reading, Penna.	LaPaz	692	3,904	--	4,596
WILSON, Veda B.	FSIO-7	0	Rabat	D.C.	Ibadan	1,129	2,410	--	3,539
ALPERN, Stanley B.	FSIO-3	3	Ouagadougou	Bronxville, New York	D.C.	1,798	2,920	--	4,718
BENNETT, Theodore E.	FSR-3	2	Kinshasa	Palm Bay, Florida	D.C.	2,295	6,037	1,447	9,779
DAWSON, Charles H.	FSIO-3	4	Kinshasa	Memphis, Tenn.	Carlisle Barracks, Pa.	2,122	3,481	--	5,603
DEERFIELD, Eddie	FSIO-3	4	Blantyre	Spokane, Wash.	D.C.	4,783	7,093	--	11,876

HOME LEAVE AND TRANSFER TRIPS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Home Leave City	Post To	Per Diem and Travel	Household Effects	Auto	Total Cost
GOSENDE, Robert R.	FSIO-4	1	Capetown	Monson, Mass.	D.C.	\$1,703	\$ 3,166	\$ --	\$4,869
GRAVES, John E.	FSIO-3	5	Yaounde	Los Angeles, Calif.	D.C.	4,594	4,666	--	9,260
HEATH, Robert C.	FSIO-6	0	Kinshasa	Redlands, Calif.	Karachi	1,936	3,933	1,408	7,277
HOOD, Dell J.	FSIO-5	3	Kano	Berne, Texas	D.C.	2,421	2,632	1,972	7,025
KENT, Donald J.	FSIO-3	3	Kinshasa	Cleveland, Ohio	D.C.	3,242	5,702	--	8,944
MCBRIDE, Edward C.	FSIO-4	3	Dakar	Savannah, Georgia	D.C.	1,947	4,379	--	6,326
MCHALE, James D.	FSIO-3	4	Niamey	Rockport, Mass.	Phnom Penh	5,885	2,615	--	8,500
MCWALTERS, Mary P.	FSIO-4	0	Abidjan	San Leandro, Calif.	Lima	1,662	4,784	--	6,446
MORLEY, Gary G.	FSIO-4	4	Nairobi	San Antonio, Texas	Bangkok	7,716	3,491	--	11,207
RIDDELL, Wm. H.	FSIO-4	4	Dakar	D.C.	Saigon	2,908	4,633	--	7,541
ROTONDO, Vincent	FSIO-3	3	Lome	Spring Lake, N. J.	Dakar	4,968	2,834	991	8,793
TELKINS, A. Stephen	FSIO-4	3	Kinshasa	Abington, Penna.	Capetown	5,414	3,769	1,248	10,431
TYSON, Richard C.	FSIO-5	0	Addis Ababa	Los Angeles, Calif.	Tehran	1,794	1,700	--	3,494
WADDELL, Alfred J.	FSIO-4	3	Maseru	Cincinnati, Ohio	D.C.	2,520	4,646	--	7,166
WILCOX, John G.	FSIO-4	4	Douala	Grayling, Michigan	Tunis	5,391	5,584	1,028	12,003
ZIVETA, Herman	FSIO-4	3	Accra	Los Angeles, Calif.	Newport, R.I.	3,429	4,197	--	7,626
ZUBRINSKY, Aida	FSS-3	0	Pretoria	Philadelphia, Penna.	Bogota	1,183	3,067	--	4,250
BARNASSO, Emanuella	FSR-5	0	Belgrade	Boston, Mass.	D.C.	757	4,072	--	4,829
BRAYCICH, Joseph N.	FSIO-3	5	Vienna	Seattle, Washington	Belgrade	4,672	2,143	--	6,815
DAVIDS, Sherry L.	FSS-8	0	Bucharest	Anchorage, Alaska	Lisbon	1,395	2,608	--	4,003
FURNER, George F.	FSIU-4	3	Skopje	Tacoma, Wash.	Monterey, Calif.	2,717	4,927	688	8,332
HORN, Beth P.	FSS-6	0	Sofia	San Bernardino, Calif.	D.C.	1,216	1,508	--	2,724
LITTELL, Wallace	FSIO-1	4	B. lgrade	Missoula, Montana	Bonn	5,453	2,532	533	8,518
MARTINO, Thresia	FSS-5	0	Belgrade	Clarksburg, Va.	Berlin	1,197	1,317	--	2,514
SHIELDS, Jo Dell	FSS-7	0	Belgrade	New Brighton, Penna.	D.C.	1,241	2,311	--	3,552
AMMERMANN, Renate	FSS-8	0	Warsaw	Maple Heights, Ohio	Tokyo	1,343	3,414	--	4,757
RYAN, Hewson A.	FSIO-1	3	South Hadley, Mass.	South Hadley, Mass.	Medford, Mass.	412	906	--	1,318

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DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Per Diem and Travel	Household Effects	Auto	Total Cost
BIELAK, Peter	FSIO-3	3	D.C.	Guayaquil	\$1,335	\$9,582	\$ --	\$10,917
CARTEAU, Darrell D.	FSIO-1	1	D.C.	Mexico City	692	4,711	--	5,403
DIELI, Samuel P.	FSIO-3	5	D.C.	Bogota	1,556	4,841	800	7,197
DIGGLE, Arthur V.	FSIO-3	5	D.C.	Buenos Aires	1,545	8,679	550	10,774
FLEMING, C. Roy	FSIO-5	0	D.C.	Maracaibo	273	5,731	--	6,004
HENSGEN, Bernard M.	FSIO-6	2	D.C.	Bogota	715	8,415	871	10,001
JACOBY, Peter H.	FSIO-3	3	D.C.	Asuncion	1,720	3,076	1,865	6,661
KRISTULA, Michael A.	FSR-3	4	D.C.	Mexico City	812	3,649	--	4,461
LANE, Howard A.	FSIO-4	4	D.C.	Panama	1,042	6,525	573	8,140
MARTIN, Thomas M.	FSIO-4	5	D.C.	Brasilia	1,740	8,417	--	10,157
MEYER, Charles R.	FSIO-3	3	D.C.	Buenos Aires	1,742	7,719	--	9,461
POWERS, Robert A.	FSR-4	3	D.C.	Guadalajara	931	4,057	--	4,988
SANDEL, Joseph J.	FSIO-2	2	D.C.	Rio de Janeiro	1,146	5,077	918	7,141
THORPE, David B.	FSI-3	4	D.C.	Antofagasta	1,891	10,329	576	12,796
WOODWARD, Hugh McL.	FSIO-2	2	D.C.	Buenos Aires	1,168	3,030	900	5,098
BROOKS, Phillips	FSIO-3	3	D.C.	London	1,541	3,027	--	4,568
COMISKEY, Stella M.	FSS-5	0	D.C.	Rome	428	919	--	1,347
DICKERMAN, Charles R.	FSIO-3	1	D.C.	Reykjavik	609	2,935	256	3,800
DOHERTY, Kathleen R.	FSS-6	0	D.C.	Brussels	279	1,120	--	1,399
DUNMAN, Tabor E.	FSIO-4	1	D.C.	Ankara	1,392	2,936	592	4,920
EISENSTADT, G. Michael	FSIO-3	2	D.C.	Bonn	1,067	2,098	494	3,659
FARRAR, Sandra	FSS-6	0	D.C.	Berlin	310	1,101	--	1,411
GIULIANO, Arthur S.	FSIO-3	5	D.C.	Brussels	1,863	5,619	--	7,482
HOLZAPFEL, Hans	FSIO-2	3	D.C.	Vienna	990	5,804	--	6,794
LANGHAM, George D.	FSIO-5	2	D.C.	Istanbul	1,277	4,640	998	6,915
LENDERKING, Wm. R.	FSIO-3	1	D.C.	Bologna	944	3,767	694	5,405
MEYERS, Robert S.	FSIO-4	3	D.C.	Brussels	828	4,695	500	6,023
MORRISON, Dele A.	FSIO-3	2	D.C.	Ankara	1,810	5,180	1,050	8,040
PENNER, Darryl L.	FSIO-5	2	D.C.	Izmir	1,591	2,545	--	4,136
SLAK, Dorothy M.	FSIO-4	0	D.C.	Paris	331	1,100	--	1,431
STEWART, Ronald W.	FSIO-3	3	D.C.	Thessaloniki	1,700	1,332	--	3,032
THOMAS, Robert K.	FSIO-5	2	New York, N.Y.	Paris	967	1,449	--	2,416

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Travel	Per Diem and Hold	House-Effects	Auto	Total Cost
TODD, Susan D.	FSIO-6	0	D.C.	Reykjavik	\$ 285	\$1,473	\$ 459	\$2,217	
TUOHEY, John J.	FSIO-3	5	D.C.	Berlin	1,660	2,347	384	4,391	
TURNER, Neely G.	FSIO-2	2	D.C.	London	578	2,018	--	2,596	
WOLCOTT, Peter C.	FSIO-4	2	D.C.	Helsinki	956	2,509	120	3,585	
BURLESON, Hugh L.	FSIO-3	1	Carlisle Barracks, Pa.	Saigon	1,711	4,214	--	5,925	
COOPER, Gladys O.	FSS-4	0	D.C.	Kuala Lumpur	789	2,029	--	2,818	
FRANCO, Edward D.	FSIO-4	6	D.C.	Rangoon	4,793	4,931	1,300	11,024	
HESS, Clyde G.	FSIO-2	5	D.C.	Seoul	3,336	4,651	1,456	9,443	
JUE, Stanton	FSIO-3	2	D.C.	Seoul	1,828	3,466	912	6,206	
KAYS, Robert E.	FSIO-3	2	D.C.	Seoul	1,884	3,040	--	4,924	
KYLE, Jerry E.	FSIO-4	4	D.C.	Jakarta	3,279	3,232	1,232	7,743	
LAVIN, Bernard	FSIO-2	1	D.C.	Jakarta	1,838	4,718	1,558	8,114	
LEE, Maurice E.	FSIO-1	4	D.C.	Manila	5,530	3,035	979	9,544	
MARKULIS, Anthony A.	FSIO-5	0	D.C.	Seoul	566	1,297	--	1,863	
MILLER, William D.	FSIO-1	5	D.C.	Tokyo	4,710	3,933	1,296	9,939	
OVERTURF, J. Richard	FSIO-3	0	D.C.	Yokohama	852	954	--	1,806	
PAULI, Edwin F.	FGR-3	2	D.C.	Saigon	2,691	3,396	--	6,087	
PETZING, Ross E.	FSIO-4	1	D.C.	Bangkok	1,652	8,272	1,752	11,676	
PHILLIPS, J. Paul	FSIO-2	2	D.C.	Manila	3,030	3,149	1,022	7,201	
ROSE, Douglas S.	FSIO-5	5	D.C.	Bangkok	3,151	2,657	--	5,808	
RUSS, Cora L.	FSS-4	0	D.C.	Jakarta	960	2,003	914	3,877	
STIEGLITZ, Perry J.	FSIO-3	1	D.C.	Bangkok	2,480	2,376	--	4,856	
TENNY, Francis B.	FSIO-1	4	D.C.	Tokyo	3,388	2,442	1,000	6,830	
WARD, Francis B.	FSIO-3	1	D.C.	Perth	2,106	2,027	--	4,133	
ALPERN, Stanley B.	FSIO-3	1	D.C.	Dacca	889	2,703	--	3,592	
ANDERSON, Raymond D.	FSIO-6	2	D.C.	Bombay	2,502	4,675	1,042	8,219	
ARAGON, Philix S.	FGR-5	5	D.C.	Madras	3,213	2,066	1,633	6,912	
BESOM, Donald G.	FSIO-3	5	D.C.	Lahore	4,489	3,847	1,475	9,811	
BRICIO, Maria L.	FSS-4	0	D.C.	Tehran	601	2,400	--	3,001	
BRIGGS, David G.	FSIO-2	2	D.C.	Colombo	2,728	3,217	--	5,945	
CRAWFORD, Thomas P.	FGR-4	1	D.C.	Islamabad	1,564	3,012	911	5,487	

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post From</u>	<u>Post To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
CUBSTEAD, Lane T.	FSS-2	3	D.C.	Tehran	\$2,937	\$3,882	\$1,000	\$7,819
FOSTER, John P.	FSIO-3	4	D.C.	New Delhi	4,090	3,438	1,500	9,028
HANEY, Robert C.	FSIO-2	4	D.C.	New Delhi	3,313	4,046	1,575	8,934
LAMBERT, David H.	FSIO-5	0	D.C.	Tehran	727	1,439	1,021	3,187
MENNARD, Michael	FSIO-5	4	D.C.	New Delhi	3,322	3,041	2,212	8,575
MOSS, Stanley D.	FSIO-2	4	D.C.	Tel Aviv	3,073	3,540	--	6,613
OBEE, Kent D.	FSIO-4	3	D.C.	Kathmandu	2,434	3,975	833	7,242
OLSEN, Richard L.	FSR-4	0	D.C.	Rabat	413	1,577	--	1,990
TANNER, V. Jordan	FSIO-4	4	D.C.	Karachi	2,279	2,864	1,200	6,343
WHITE, Elizabeth A.	FSS-2	0	D.C.	Tehran	688	2,493	1,006	4,187
ALEXANDER, Milo R.	FSR-4	2	D.C.	Kinshasa	1,438	4,195	1,036	6,669
BACHE, Kenneth	FSIO-3	3	D.C.	Yaounde	3,010	3,785	1,567	8,362
BAILEY, Berton M.	FSR-4	0	D.C.	Maseru	1,635	1,476	--	3,111
BITONDO, Rocco R.	FSR-4	2	D.C.	Kinshasa	961	3,303	1,060	5,324
BLAND, Merton L.	FSIO-4	6	D.C.	Conakry	5,183	8,599	--	13,782
EAKIN, Terry C.	FSIO-4	4	D.C.	Kano	2,297	2,267	1,078	5,642
FOLEY, Jean K.	FSS-3	0	D.C.	Abidjan	487	1,253	--	1,740
GOMEZ, Francis D.	FSIO-4	3	Princeton, N. Jersey	Bamako	2,577	1,594	--	4,171
LANUM, John B.	FSIO-3	2	D.C.	Lusaka	2,511	5,583	1,017	9,111
LEFKOWITZ, Arthur D.	FSIO-4	4	D.C.	Accra	2,561	6,103	765	9,429
LUGAN, Frenise A.	FSIO-3	3	D.C.	Nairobi	3,124	3,614	--	6,738
MABBOTT, Frederic S.	FSIO-3	3	D.C.	Dar-es-Salaam	2,503	2,614	--	5,117
MITCHELL, Nanette	FSS-4	0	D.C.	Yaounde	702	1,666	--	2,368
NEVITT, Robert L.	FSIO-3	3	D.C.	Lagos	2,158	3,680	1,027	6,865
PFENDER, William	FSR-4	1	D.C.	Blantyre	1,571	4,612	1,027	7,210
ROSS, Clathan M.	FSR-4	3	D.C.	Monrovia	1,606	5,352	1,072	8,030
SORRENTINO, Adle	FCS-6	0	D.C.	Abidjan	569	869	--	1,438
SOUTHARD, Clifford E.	FSIO-2	5	D.C.	Lagos	2,614	6,686	1,065	10,365
RECSKEHAZY, Peter T.	FSIO-5	1	Monterrey, Calif.	Warsaw	953	3,097	--	4,050
GOSENDE, Robert R.	FSIO-4	1	D.C.	Warsaw	750	2,004	500	3,254
KOMAI, Kay	FSR-3	2	D.C.	Vienna	786	4,015	--	4,801

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DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNELFISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Per Diem and Travel	House- hold Effects	Auto	Total Cost
KOOB, Kathryn L.	FSIO-5	O	D.C.	Bucharest	\$ 471	\$ 1,209	\$ 423	\$2,103
WANAMAKER, Alice J.	FSS-6	O	D.C.	Budapest	416	1,355	1,161	2,932

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Per Diem and Travel	Household Effects	Auto	Total Cost
BERTRAM, Bruce	FSIO-3	3	Quito	D.C.	\$1,040	\$3,563	\$ --	\$4,603
FLEMING, C. Roy	FSIO-5	0	Porto Alegre	D.C.	455	1,876	873	3,204
HINES, William T.	FSR-4	1	Concepcion	D.C.	864	2,778	--	3,642
LOVERIDGE, Charles C.	FSIO-6	3	Bogota	D.C.	900	3,409	--	4,309
RODGERS, William H.	FSIO-2	1	San Jose	D.C.	354	3,500	--	3,854
SCHLOEDER, M. Kathleen	FSIO-6	0	Belo Horizonte	D.C.	379	2,871	966	4,216
SCOTT, Jerry W.	FSIO-5	1	Panama	Los Angeles, Calif.	1,070	2,708	--	3,778
WOOTEN, Richard C.	FSIO-2	3	Asuncion	D.C.	1,542	3,184	--	4,726
KENNEDY, Sheila T.	FSS-6	0	Athens	D.C.	587	1,115	--	1,702
LATHAM, Ernest H.	FSIO-4	1	Vienna	D.C.	1,067	2,887	593	4,547
SCHER, Shirley	FSS-6	0	The Hague	D.C.	--	1,320	--	1,320
WOZNIAK, Robert J.	FSIO-3	3	Nicosia	D.C.	1,390	2,671	--	4,061
FEISCHER, Vladimir J.	FSR-3	1	Saigon	D.C.	2,181	4,838	--	7,019
FLYNN, Virginia O.	FSR-5	1	Bangkok	D.C.	939	2,824	--	3,763
HITCHCOCK, David I.	FSIO-2	5	Tokyo	D.C.	3,230	4,075	--	7,305
PENNER, Darryl L.	FSIO-5	2	Vientiane	D.C.	1,962	2,761	--	4,723
REID, John M.	FSIO-4	0	Vientiane	D.C.	927	2,741	--	3,668
WEARE, Hoyt N.	FSIO-2	1	Saigon	D.C.	648	2,590	--	3,238
DAVIES, Archie	FSR-3	2	Dacca	D.C.	3,237	4,319	--	7,556
MILLER, Douglas	FSS-1	1	New Delhi	D.C.	1,121	2,277	--	3,398
SHIRK, Eldred C.	FSR-2	1	New Delhi	D.C.	1,301	2,911	--	4,212
WEAVER, Dorothy M.	FSC-3	0	Tehran	D.C.	626	1,701	--	2,327
DEBS, Joseph L.	FSIO-3	1	Yaounde	D.C.	1,385	4,188	1,631	7,204
LOIKOW, Ann H.	FSIO-8	1	Yaounde	D.C.	1,368	4,212	1,647	7,227
WALSH, John F.	FOR-6	0	Nairobi	D.C.	743	3,010	--	3,753
BAZALA, Razvigor	FSIO-5	3	Warsaw	D.C.	1,009	4,365	711	6,085

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Per Diem and Travel	Household Effects	Auto	Total Cost
CARIAGA, Melvin I.	FSIO-5	0	Trujillo	Lima	\$ 125	\$ 623	\$ --	\$ 748
CARROLL, James B.	FSIO-4	5	Asuncion	Mexico City	1,575	4,589	733	6,897
EMMERT, Fredric A.	FSIO-6	0	Salvador	Santiago	248	1,737	--	1,985
GRACIA, Daniel	FSIO-3	4	Caracas	Guatemala	1,137	9,176	--	10,313
GOOD, Paul L.	FSIO-4	4	Santiago	Bogota	1,246	7,534	--	8,780
GRAVES, William H.	FSIO-5	3	Curitiba	Rio de Janeiro	202	3,000	--	3,202
HIGGINS, John R.	FSIO-2	2	Mexico City	Caracas	892	3,720	689	5,301
JOHNSON, Joe B.	FSIC-6	1	Bogota	Asuncion	630	6,629	436	7,695
KEMP, Tyrone W.	FSR-5	3	Buenos Aires	Brasilia	456	4,863	--	5,319
MCDONOUGH, Jerome K.	FSIO-5	6	Sao Paulo	Porto Alegre	441	1,691	--	2,132
MCELHINEY, Gary P.	FSIO-6	1	Tucuman	Cali	2,005	4,600	--	6,605
MORVILLE, V. Mine	FSS-2	1	Monterrey	Madrid	1,649	4,879	1,177	7,705
NEUBERG, Howard G.	FSIO-4	0	Brasilia	Rio de Janeiro	141	1,021	--	1,162
O'CONNELL, Joseph D.	FSIO-6	2	Fortaleza	Sao Paulo	334	1,239	--	1,573
O'MALLEY, Kathleen	FSR-4	0	Lima	Manila	1,077	4,550	204	5,831
STEVIE, Phyllis A.	FSS-6	0	Asuncion	San Salvador	394	3,090	647	4,131
STEWART, Wesley	FSIO-3	3	Managua	San Jose	303	2,076	400	2,779
TREACY, John	FSIO-6	1	Rio de Janeiro	Sao Paulo	474	2,403	--	2,877
WUNDER, Van S.	FSIO-6	1	Panama City	Managua	372	2,101	--	2,473
BROWN, Nelson C.	FSIO-6	0	Istanbul	Lagos	1,201	2,137	--	3,338
CATHERMAN, Terrence	FSIO-1	1	Berlin	Belgrade	312	2,422	--	2,734
CHAMPION, Beverly	FSIO-7	0	Bonn	Frankfurt	16	626	--	642
GEHLE, David V.	FSIO-6	3	London	Kabul	1,532	4,388	--	5,920
HOLSCHER, Louise	FSS-5	0	Nicosia	Leningrad	1,052	2,717	--	3,769
LAMEE, Wilma	FSS-4	0	Oslo	Cairo	545	2,599	853	3,997
ROGERS, Alan A.	FSR-4	4	Madrid	Barcelona	169	1,00	--	1,169
TRAUB, Daniel L.	FSIO-4	0	Thessaloniki	Stockholm	247	2,963	579	3,789
BELL, Sheridan W.	FSIO-6	2	Taipei	Taichung	8	317	--	325
COWAN, Mary F.	FSIO-3	0	Rangoon	Ouagadougou	1,714	6,018	--	7,732
DAKS, Lawrence D.	FSIO-4	3	Kaohsiung/Tainan	Vientiane	1,145	4,075	--	5,220
FITZGERALD, Betsy A.	FSIO-6	0	Yokohama	Tokyo	8	232	--	240

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNEL

FISCAL YEAR 1974

Name	Grade	Dep.	Post From	Post To	Per Diem and Travel	House- hold Effects	Auto	Total Cost
HAWKINS, Fred D.	FSIO-2	1	Seoul	Tokyo	\$1,731	\$ 2,951	\$1,259	\$5,941
HODAI, Patrick T.	FSR-6	2	Songkhla	Bangkok	100	900	--	1,000
HOWARD, J. Daniel	FSIO-7	3	Tokyo	Yokohama	8	392	--	400
JORY, Frances S.	FSS-6	0	Jakarta	Copenhagen	809	2,841	--	3,650
KATZKA, John E.	FSIO-6	3	Khon Kaen	Chiang Mai	270	824	--	1,094
MCGUNIGLE, Ray V.	FSIO-6	1	Tokyo	Yokohama	31	269	--	300
PAYNE, Roy M.	FSIO-6	2	Jakarta	Surabaya	226	1,493	--	1,719
PETERSON, Wayne S.	FSIO-5	0	Saigon	Nha Trang	25	300	--	325
PIKE, Douglas	FSIO-2	4	Taipei	Saigon	753	5,604	829	7,186
POST, Ronald J.	FSIO-7	0	Chiang Mai	Bangkok	200	631	--	831
ROWLAND, Mona B.	FSS-4	0	Bangkok	Vientiane	71	1,283	--	1,354
THOMSON, John C.	FSIO-5	1	Taichung	Kaohsiung/Tainan	18	317	--	335
VAUGHN, Arthur A.	FSIO-6	1	Jakarta	Medan	101	1,499	--	1,600
BERNIER, C. Edward	FSS-6	3	Beirut	Jidda	799	2,715	263	3,777
CURTISS, Richard H.	FSIO-2	5	Rhodes	Beirut	296	3,630	--	3,926
EDWARDS, Gary M.	FSS-2	4	Rabat	London	851	3,097	--	3,948
ELLINGTON, Ben L.	FSIO-2	3	New Delhi	Mexico City	2,024	6,040	383	8,447
HALL, Robert B.	FSIO-8	0	Beirut	Kuwait	140	2,397	--	2,537
HOMAN, Thomas A.	FSS-5	1	Kuwait	Cairo	307	3,465	600	4,372
KEITH, Kenton	FSIO-4	3	Tangier	Fez	35	590	--	625
KING, Alan M.	FSIO-6	0	Calcutta	Bombay	100	2,347	--	2,447
MANDERINO, Eva C.	FSS-3	0	Tunis	Beirut	250	2,863	--	3,113
PHILLIPS, Frank H.	FSS-2	4	New Delhi	Seoul	2,167	4,099	1,349	7,615
ROSS, Christopher	FSIO-4	2	Fez	Beirut	1,035	2,503	--	3,538
STEPHENS, William	FSIO-4	5	Beirut	Tunis	1,477	3,470	--	4,947
WALLACE, Christopher	FSIO-7	0	Bombay	Rabat	557	2,758	969	4,284
ANTICO, Peter J.	FSIO-4	1	Lusaka	Rome	1,309	5,061	--	6,370
CANNING, Michael P.	FSIO-4	3	Kampala	Nairobi	--	108	--	108
CONVERSE, Margaret M.	FSIO-6	0	Dakar	Vientiane	1,076	3,098	--	4,174
GRIFFIN, Katherine	FSIO-6	0	Addis Ababa	Yaounde	600	4,006	2,562	7,168

DIRECT TRANSFERS FOR FOREIGN SERVICE PERSONNELFISCAL YEAR 1974

<u>Name</u>	<u>Grade</u>	<u>Dep.</u>	<u>Post From</u>	<u>Post To</u>	<u>Per Diem and Travel</u>	<u>Household Effects</u>	<u>Auto</u>	<u>Total Cost</u>
HUNCHEL, Gerald E.	FSIO-6	2	Ibadan	Rabat	\$1,116	\$ 3,959	\$1,153	\$6,228
SCHLESSINGER, Andrew D.	FSIO-5	4	Dar-es-Salaam	Jerusalem	1,829	3,196	1,146	6,171
SIMMONDS, John W.	FSIO-4	3	Niamey	Kinshasa	1,410	2,199	--	3,609
VOGEL, Patricia C.	FSS-3	0	Yaounde	Pretoria	559	2,606	--	3,165
WHITFIELD, Malvin G.	FSIO-4	4	Mogadiscio	Freetown	677	3,395	--	4,072
ALDRIDGE, Ruth M.	FSS-6	0	Warsaw	Colombo	782	3,487	552	4,821
GRAY, Victor S.	FSO-5	1	Warsaw	Krakow	1,000	4,000	--	5,000
SHEPARD, Stanley S.	FSIO-5	2	Belgrade	Skopje	150	1,679	--	1,829
BENNETT, Henry M.	FSIO-4	1	Austin, Texas	D.C.	222	1,266	--	1,488
BERTOT, Joseph A.	FSIO-4	4	D.C.	New York City	184	1,867	--	2,051
BERTOT, Joseph A.	FSIO-4	4	New York City	D.C.	180	2,088	--	2,268
DAWSON, Charles H.	FSIO-3	3	Carlisle Barracks, Pa.	D.C.	33	1,038	--	1,071
FOSTER, John P.	FSIO-3	5	New York City	D.C.	155	1,970	--	2,125
GEBUHR, Carl L.	FSIO-2	3	D.C.	Fort Bragg, N.C.	134	1,905	--	2,039
GEIS, Robert K.	FSIO-4	2	D.C.	Monterey, Calif.	452	2,946	--	3,398
COMEZ, Francis D.	FSIO-4	3	D.C.	Princeton, N.J.	80	833	--	913
HESS, David W.	FSIO-5	4	Cambridge, Mass.	Monterey, Calif.	500	3,500	--	4,000
PACE, Vance C.	FSIO-5	4	Las Vegas, Nevada	D.C.	529	3,333	--	3,862
PETERSEN, Robert	FSIO-5	0	Princeton, N.J.	D.C.	50	947	--	997
PLOTKIN, Robert D.	FSIO-4	2	Palo Alto, Calif.	D.C.	1,021	3,641	--	4,662
SCOTT, Jerry W.	FSIO-5	1	Los Angeles, Calif.	D.C.	714	3,088	--	3,802
STUTZ, G. Frederick	FSIO-2	4	Philadelphia, Penna.	D.C.	75	1,000	--	1,075

Total 1,420,650 1,596,893 144,902 3,162,445

PCN

Mr. SLACK. Which was the most expensive transfer in fiscal year 1974?

Mr. SILVERMAN. The most expensive trip was on page 13, \$19,042. It was item No. 18, a little below halfway down the page, a transfer from Reykjavik, Iceland, to Honolulu.

Mr. SLACK. Household effects made up \$13,309 of that transfer?

Mr. SILVERMAN. Yes, sir.

PRESS AND PUBLICATIONS SERVICE

Mr. SLACK. I note from the justifications book on page 16-1 you are requesting an increase of \$775,022 in the press and publications service. Is most of this increase related to wage and price increases?

Mr. KEOGH. Yes, sir. The very large percentage of it—\$627,761—is for built-in salary costs. I might add that the major item, other than built-in requirements, is for an increase in circulation of the Russian language magazine America Illustrated.

FREELANCE WRITERS

Mr. SLACK. May we have a list of the freelance services procured by USIA which we normally insert at this point in the record.

Without objection, we shall insert at this point in the record "Freelance Services Procured from July 1, 1973 to June 30, 1974, News and Features."

[The list referred to follows:]

FREE LANCE SERVICES PROCURED FROM JULY 1, 1973 to JUNE 30, 1974
NEWS AND FEATURES

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
James Adamek Davis Enterprise P.O. Box 1078 Davis, California	3/5/74	Interview article with Mr. Le Van Bach, Vietnamese Fulbright student in U.S. 850 words	\$ 50.00
Al Antczak 228 W. Live Oak St. San Gabriel, California	3/5/74	Coverage of two-day Thai student convention in Los Angeles.	200.00
	4/4/74	Interview with Jan Skotnicki, Vice Director of the Warsaw Theater School, guest lecturer at Pomona College in Claremont, California. 2,000 words	100.00
	5/21/74	Story on Nigerian businessmen: Olabode Jacob Amao, John Nino Lazzari, Philip U. Nkwocha, Jim I. Nwobodo, Hassan O. Odukale, Daniel A. Ogungbesi. 1,100 words	60.00
	6/26/74	Interview with five Nigerian urban planners on tour. 1,100 words	60.00
			<u>420.00</u>
Gerald Ashford 341 Laurelwood Dr. San Antonio, Texas	9/11/73	Coverage of San Antonio-Mexican trade fair and seminar. 1,200 words	60.00
	3/5/74	Story on Mexican tourism officials during visit to San Antonio. 850 words	50.00
			<u>110.00</u>
John P. Bean 624 Grant St. Iowa City, Iowa	4/9/74	Interview with Yu Tien-tsung of Taiwan, participant in University of Iowa's international writing program. 2,000 words.	100.00
Mary Bubb 423 North Fourth St. Cocoa Beach, Florida	8/8/73	Story on Balanga Njoli, Commissioner General of Tourism in Zaire. 850 words	50.00
	5/28/74	Coverage of the launch of the ATS-F satellite at Cape Kennedy, to be used by India in education programs. 1,100 words	60.00
			<u>110.00</u>

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Ward Bushee Register-Pajaronian Watsonville, California	8/24/73	Story on the Cabrillo Music Festival, directed by Mexican composer-conductor Carlos Chavez. 850 words	\$ 50.00
John Caldwell The Enquirer 617 Vine St. Cincinnati, Ohio	9/11/73	Story on Mbegu Saidi Malipula, journalism student from Tanzania. 800 words	40.00
Carolyn K. Carr 2166 Tinkham Rd. Akron, Ohio	7/26/73	Coverage of the opening of the Romanian Contemporary Painting Exhibition at the Akron Art Institute. 650 words	40.00
Frances Chastain 49 Van Meter Dr. Amherst, Massachusetts	7/19/73	Story about participants from Lesotho in African Educators Program at the University of Massachusetts in Amherst. 800 words	40.00
Russell E. Corbitt 401 South Vassar St. Wichita, Kansas	5/29/74	Interview with Carl Cooper, manager of group of U.S. athletes going to Africa to hold regional clinics. 850 words	50.00
John R. Cummins 1118 E. 5600 South Salt Lake City, Utah	7/30/73	Story on International Visitor grantees Balanga Njoli and Ngessayo Safari of Zaire Tourist Commission. 800 words	40.00
Roderic Davison Department of History George Washington University Washington, D. C.	10/10/73	Special article on the 50th anniversary of the Turkish Republic. 1,000 words	100.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Page 3 Amount</u>
Margaret Davy 46 W. Cedar St. Boston, Massachusetts	7/5/73	Articles about Oliver Nzeku and Christian Mohapi, two leaders involved in Lesotho economic development. 2 @ 800 words	\$ 80.00
	10/16/73	Coverage of meeting of the Inter-American Press Association supporting press freedom in Latin America. 2 @ 850 words	100.00
	11/19/73	Story on Nigerian business leaders attending intensive marketing management session at the International Marketing Institute in Cambridge. 850 words	50.00
	1/16/74	Story on Mr. Mohammed Boubaker, English major from University of Tunis, in U.S. to teach and observe at American schools. 850 words	50.00
	1/18/74	Coverage of two-day conference on the "Arts and Culture of Isfahan (Iran)" at Fogg Museum.	200.00
	3/6/74	Story on Mr. Percy Ferguson, Chairman, Botswana Trade Union Education Center, participant in Harvard trade union program. 800 words	40.00
	5/6/74	Story on Rachid Sfar, Secretary General, Ministry of Finance, Tunisia. 850 words	50.00
			<u>570.00</u>
Sally Bixby Defty St. Louis Post-Dispatch 1133 Franklin Ave. St. Louis, Missouri	7/31/73	Interview with Miss Alia Abd El Razik, instructor at the Higher Institute of Ballet in Cairo. 1,000 words	50.00
	5/1/74	Story on Eugene Molapo, Executive Officer, Department of Information, Lesotho. 850 words	50.00
			<u>100.00</u>
Jonathan Fink 499 North Broadway White Plains, New York	4/22/74	Interview with Miss Daw Soe Nyunt Swe, Burmese graduate student. 1,500 words	80.00
Les Finnegan 3205 Cherry Hill Lane, N.W. Washington, D.C.	5/5/74	Special article: "American Labor Views Eastern European Unions." 1,000 words	100.00
Betty Hill Folts Charlotte Magazine P.O. Box 15843 Charlotte, North Carolina	3/5/74	Story on Malaysian Investment Delegation's visit to Charlotte. 850 words	50.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Curtis Forbes c/o Newport Daily News Newport, Rhode Island	10/29/73	Coverage of transfer of USS R. K. Huntington to the Venezuelan Navy. 900 words	\$ 50.00
Robert F. Franklin 1540 Portola Dr. San Francisco, California	10/11/73 4/19/74 5/13/74	Story on Felix Houphouet-Boigny, President of Ivory Coast, visiting San Francisco. 850 words Story on Prayag Raj Sharma, Dean of Institute of Nepalese and Asian Studies, Tribhuvan University, Kathmandu, Nepal. 2,000 words Interview with Tijuan Chelli, President-Director General of the Agence de Promotion des Investissements of Tunisia. 1,100 words	50.00 100.00 60.00 210.00
Jean Frazier 617 Winifred Ave. Lansing, Michigan	8/24/73	Story on Sixth Congress of the International Institute of Latin American Literature. 1,200 words	60.00
Mildred Freese 2612 East Jarvis St. Shorewood, Wisconsin	5/30/74	Story on Marquette University honoring Sayyid Miyompat, Deputy Rector, Khonkaen University, Thailand. 800 words	40.00
Robert Fullerton 133 Waitman St. Morgantown, West Virginia	8/15/73	Story on Dallington Wamala, social worker from Uganda. 800 words	40.00
Kathleen Gallagher 3160 Wellington Ave. Nashville, Tennessee	11/27/73	Interview with Joel Torres and Florentino Gonzalez, Venezuelan sports figures touring U.S. 1,100 words	60.00
Dorothy Brose Garlington 1590 South Dahlia St. Denver, Colorado	8/21/73	Coverage of Eighth International Seminar on Administration of National Parks and Equivalent Reserves. 2,000 words	100.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Barbara Gonko 2024 Cherry Rd. Springfield, Illinois	3/20/74	Story on visit of Mr. Mahbubul Huq, mechanical engineer, and Road & Highway Division executive in Bangladesh. 850 words	\$ 50.00
Alfredo N. Graham New York City Housing Authority New York, New York	7/20/73	Coverage of baseball game between Farandula team of Venezuela and New York press team at Yankee Stadium. 1,050 words	60.00
Richard Grimes 679 Gordon Rd. Charleston, West Virginia	7/30/73	Interview with K. T. J. Rakhetla, Permanent Secretary for Agriculture, Lesotho. 800 words	40.00
Graydon Hambrick Columbus Dispatch 34 S. Third St. Columbus, Ohio	1/10/74	Story on "Venezuelan Night" concert featured by Columbus (Ohio) Symphony. 850 words	50.00
	1/22/74	Interview with Bekele Debalke of Ethiopia, participant in the International Programs for Social Workers and Youth Leaders. 800 words	40.00 90.00
Frank A. Hand 4617 Arden Rd. Lansing, Michigan	12/14/73	Article on African students participating in conference, "Adventure in World Understanding," at Michigan State University. 1,050 words	60.00
	5/2/74	Story on Mr. Mantosh Das, National Federation of Cooperatives, Bangladesh. 1,050 words	60.00 120.00
Richard A. Haney 6130 N. Panorama Dr. Rt. 9, Box 481 A Tucson, Arizona	10/9/73	Interview with Soma Ouattara from Upper Volta, master's degree candidate in entomology at the University of Arizona. 800 words	40.00
Alan R. Hart Box 129 Rt. 4 Scotia, New York	2/19/74	Coverage of final game of Israel National Basketball Team against Siena College in Albany, New York. 900 words	50.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Jan Hemming Newsroom, New Haven Register 367 Orange St. New Haven, Connecticut	6/4/74	Story on Dr. Telma Rucker, Associate Professor of Urban Environmental Design at Yale University, prior to trip to various African countries. 1,200 words	\$ 60.00
Bruce E. Hicks 3511 Link Valley Apartment 17 Houston, Texas	12/2/73	Story on heart surgery performed on Biphab Barman from India by Dr. Michael DeBakey at Methodist Hospital in Houston. 1,850 words	100.00
	1/3/74	Stories on recovery of Biphab Barman of India, heart surgery patient of Dr. Michael DeBakey in Houston, Texas. 2 @ 850 words	100.00
	4/16/74	Article on Nigerian Educators in the United States studying innovative techniques in teaching, and learning. 1,500 words	80.00 280.00
Leslie C. Highley 12 Caoba St. Pta. Las Maries Santurce, Puerto Rico	12/26/73	Story on development in Puerto Rico. 1,500 words	80.00
Kevin H. Howe 222 Cedar St. Pacific Grove, California	1/28/74	Interview with nature photographer, Ansel Adams, in conjunction with an exhibit of his photographs in Sao Paulo. 1,300 words	70.00
Donald E. Hughes 214 W. Brooks St. New Orleans, Louisiana	8/23/73	Story on Jean Emmanuel Ouedraogo, President, National Federation of Upper Volta Workers. 800 words	40.00
	12/20/73	Interview with Miss Raymonds Abou, principal, Louise Wegmann College, Beirut. 1,000 words	50.00
	3/19/74	Story on Joram Mghwemo, Chief Operations Officer, Sites and Services Directorate, Ministry of Lands, Housing and Urban Development, Tanzania. 850 words	50.00 140.00
Robert E. Johnson 615 South Catalina Ave. Apartment 125 Redondo Beach, California	10/11/73	Story on visit to Los Angeles of Felix Houphouet-Boigny, President of Ivory Coast. 1,100 words	60.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Page 7 Amount</u>
Floresta D. Jones 328 West, Owen Graduate Center Michigan State University East Lansing, Michigan	10/29/73	Interview with Sam Akapabot of Nigeria at Michigan State University. 1,500 words	\$ 80.00
Mary K. Kimbrough St. Louis Globe-Democrat 12th and Delmar St. Louis, Missouri	1/22/74	Coverage of the Children's Art Bazaar annual show, with focus on Togo and other African countries. 850 words	50.00
Jack Kresmac Detroit Free Press 321 W. Lafayette Blvd. Detroit, Michigan	5/15/74	Coverage of speech by Dr. Clovis Maksoud, special envoy of League of Arab States, at Economic Club of Detroit. 675 words	40.00
Luther Kressin c/o Times Herald 500 Maryland St. Vallejo, California	9/10/73	Story on Rowson Mathew Mallya, journalism student from Tanzania. 800 words	40.00
James M. Kuehn Rapid City Journal P.O. Box 450 Rapid City, South Dakota	5/9/74	Story on Czech Brass and Wind Instrument Band, participating in international festival in Rapid City. 1,300 words	70.00
Clarence Leino 6745 Arbor Dr. Miramar, Florida	10/17/73	Coverage of the award presentation ceremony for Dr. Narendra Pandya, Bombay plastic surgeon. 1,000 words	50.00
Lloyd D. Lewis 726½ Jefferson Ave. Huntington, West Virginia	6/24/74	Story on Mrs. Nomvula Ray Mtetwa of South Africa, participant in Council for International Programs for Social Workers. 850 words	50.00
Carlos J. Licea Rt. 4, Box 474 Gay Road Lakeland, Florida	3/15/74	Coverage of Latin American Livestock and Poultry Conference. 850 words	50.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Marine Lipesles 17 Oaks Hunt Rd. Great Neck, New York	6/10/74	Story on Dr. Alex Kwasipong, Vice Chancellor of University of Ghana, receiving honorary degree at Princeton University. 800 words	\$ 40.00
Nancy L. Livingston Pioneer Press 55 E. 4th St. St. Paul, Minnesota	6/20/74	Story on Nigerians at meeting of American Association of Law Librarians. 900 words	50.00
Joseph F. Lowry 133 Overhill Rd. Upper Darby, Pennsylvania	7/10/73	Story on Venezuelan musical craftsman, Sergio Peresson, speaking about music in the United States. 850 words.	50.00
	11/26/73	Coverage of Romanian Contemporary Art Exhibition opening at the Woodmere Art Gallery in Philadelphia. 650 words	40.00
	2/12/74	Article on Brazilian technical group studying U.S. urbanization, during visit to Philadelphia. 850 words	50.00
	6/27/74	Story on Ato Darge Gogole, community development worker from Ethiopia. 800 words	40.00
Myriam Luz 205 West End Ave. Apartment 127 New York, New York	4/19/74	Story about the "Colombian Gold" exhibit at the Center for Inter-American Relations. 1,200 words	60.00
Richard F. Main 21064 Pacific Coast Highway Malibu, California	7/25/73	Coverage of the annual festival and ball of the Thai Students Association. 850 words	50.00
	8/1/73	Article on Mrs. Betty Sello and Mrs. Busisiwe Mosiileman, educators from Lesotho and Botswana. 800 words	40.00
	8/2/73	Story on visit of Albert Bongo, President of Gabon. 850 words	50.00
	8/15/73	Story on Anwar Hussain, owner-editor, <u>Ittefaq</u> , Bengali language daily. 800 words	40.00
	1/17/74	Interview with Benjamin C. Makobole and Edwin I. Matengete of Botswana, participants in the International Visitor Program. 900 words	50.00
			230.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Page 9 Amount</u>
Richard F. Main 21064 Pacific Coast Highway Malibu, California	1/23/74 2/19/74 2/20/74	Story on Ato Million Wolde-Meskel, Ethiopian Assistant Minister of Finance. 800 words Special article on the Negro Ensemble Company and its production of "The River Niger." 1,000 words Coverage of one and one-half day symposium, "African Perspectives-New Directions."	\$ 40.00 100.00 <u>150.00</u> <u>290.00</u>
Caroll S. Mallin 406 Savona Ave. Coral Gables, Florida	11/1/73	Story on Mr. Assane N'Diaye, Secretary of Information, Senegal. 800 words	40.00
Jay Mallin 406 Savona Ave. Coral Gables, Florida	7/13/73 7/17/73	Stories on Pan American Art Exhibit and Inter-American Festival. 1,150 and 850 words Story on Mayor of Medan, Indonesia, Dr. Sjoerkami, visiting the U.S. 1,300 words	110.00 <u>70.00</u> <u>180.00</u>
William R. May 512 N. W. 19 Moore, Oklahoma	8/18/73	Story on participation of Senegal in Oklahoma state fair. 850 words	50.00
Richard G. McCloskey 9260 Northeast 180th St. Bothell, Washington	5/22/74 5/30/74	Stories on the International Trade and Development Conference in Seattle. 900 and 1,100 words Story on visit of Soviet Governors to Seattle. 900 words	110.00 <u>50.00</u> <u>160.00</u>
Eunice W. Mitchell Dogwood Lane Fulton, Kentucky	7/19/73	Story on Fulton, Kentucky, and South Fulton, Tennessee, 11th Annual International Bamaana Festival. 1,100 words	60.00
Frederick E. Moncrieff 3510 Windemere Dr. Ann Arbor, Michigan	9/20/73	Stories on NATO meeting on Low Pollution Power Systems Development. 2 @ 1,000 words	100.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Hollis J. NeSmith Rt. 5, Box 341 Alpharetta, Georgia	8/3/73	Story on Ato Teafsey Hagos, Secretary General of the Teachers Association of Ethiopia. 800 words	\$ 40.00
	8/13/73	Coverage of the 15th Annual Town Affiliation Conference, Atlanta, Georgia. 1,100 words	60.00
	8/16/73	Story on Bernard Sib Sie, Mayor of Bobo-Dioulasso, Upper Volta. 800 words	40.00
	11/5/73	Story on 197 Brazilians from Recife on eight-day visit to Atlanta. 850 words	50.00
	11/19/73	Full-day coverage of conference: "Africa: The Policy of Development and Diplomacy," in Atlanta.	100.00
	12/18/73	Interview with Manuel Padron Toro, son of Venezuelan writer Julian Padron. 1,500 words	80.00
	1/16/74	Interview with Aleman Abera of Ethiopia, working with Atlanta University School of Social Work as a participant in the Council of International Programs for Social Workers and Youth Leaders. 800 words	40.00
	1/24/74	Story on Belgian plant in Rome, Georgia. 1,650 words	90.00
	1/30/74	Coverage of premiere in Atlanta of Nigerian film "Things Fall Apart," produced by Francis Gladale. 850 words	50.00
	3/11/74	Advance story on OAS General Assembly meeting in Atlanta. 800 words	40.00
	4/30/74	Stories on Siqueiros art exhibit and Mexican ballet at OAS Meeting. 2 @ 850 words	100.00
			690.00
Joe Perrin Anoka Union 229 Jackson St. Anoka, Minnesota	1/16/74	Story on Miss Dalenda Gharadi, student of English from University of Tunisia. 800 words	40.00
David C. Philpo 109 Bellevue Rd. Nashville, Tennessee	1/18/74	Story on Sami Kamoun, graduate student from Tunisia. 800 words	40.00
Clark Porteous Press-Scimitar 495 Union Ave. Memphis, Tennessee	9/26/73	Story on Nigerian-American trade mission headed by Chief C. O. Ogumbojo. 800 words	40.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Jim Redfern World's Fair '74 P.O. Box 1974 Spokane, Washington	5/28/74	Story on Trade and Development Conference in Spokane. 1,100 words.	\$ 60.00
David Resnick 65 Central Park West New York , New York	6/5/74	Coverage of ceremony at Statue of Liberty held by Overlord 74, a group of Frenchmen who came to U.S. to celebrate 30th anniversary of D-Day. 1,100 words	60.00
	6/20/74	Interview with Mihail Florescu, Minister for Chemical Industry, Romania. 800 words	40.00
			<u>100.00</u>
Marge Roden 1517 River Rd. East Minneapolis, Minnesota	10/30/73	Interview with Amanual Ambsye of Ethiopia, participant in the Council of International Programs for Youth Leaders and Social Workers. 800 words	40.00
Morris L. Roth Variety Magazine 400 N. Michigan Ave. Room 618 Chicago, Illinois	8/21/73	Story on Abebe Workie, Assefa Liben, Kasu Gebre-Hassariat and Hletta Maile Amnn, visiting judges from Ethiopia. 1,050 words	60.00
	8/28/73	Interview with Ahmed Rnashdi Saleh, art and cultural editor and board member, Al Akhbar, Cairo newspaper. 850 words	50.00
	8/30/73	Interview with Ibrahima Faye, governor of Fleuve Region, Senegal. 800 words	40.00
	10/11/73	Wrapup article on conference celebrating the 50th Anniversary of Republic of Turkey. 950 words	50.00
	3/27/74	Story based on interview with Mr. Simon A. Hirschfeld, Commissioner of Police, Gaborone, Botswana. 850 words	50.00
	5/1/74	Story on Tubman Cultural Dance Troupe of Liberia. 1,050 words	60.00
	5/3/74	Story on Congressman John Erlenborn and young voters. 1,000 words	50.00
	5/15/74	Story on Chicago luncheon to promote trade with Brasil. 850 words	50.00
	5/23/74	Interview with Ethiopian businessmen and bankers touring the U.S. 1,100 words	60.00
	6/27/74	Story on Aleme Feyissa and Debessai Haille Teafu, social workers from Ethiopia. 2 @ 800 words	80.00
			<u>550.00</u>

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Dankwart Rustow Graduate Center City University of New York 33 West 42nd St. New York, New York	10/10/73	Special article on the 50th anniversary of the Turkish Republic. 1,000 words	\$ 100.00
Jeanne Seeger-Manning 515 South Mitchell St. Bloomington, Indiana	8/7/73	Interview with Dr. Masharul Islam, Director General of the Bangla Academy, Dacca, Bangladesh. 800 words	40.00
Dorothy Senn 104 Berwick Dr. Oak Ridge, Tennessee	5/17/74	Coverage of the Fiesta Day celebration sponsored by the Partners of the Americas. 1,500 words	80.00
Harry Shattuck Sports Department Houston Chronicle 801 Texas Ave. Houston, Texas	8/15/73	Coverage of U.S. Ambassador Robert A. Hurwitch meeting with Cesar Cedeno, Dominican Republic baseball player. 1,100 words	60.00
Neal J. Shine Detroit Free Press 321 W. Lafayette Blvd. Detroit, Michigan	5/3/74	Coverage of U.S. tour of Moscow Juniors basketball team. 850 words	50.00
Gail Jacobs Simon 80 East End Ave. Apt. 2A New York, New York	6/21/74	Interview with Emmanuel Dicoulo, chairman of the board and general manager of ARSO (state organization for development of the southwest region of the Ivory Coast). 800 words	40.00
Talbot S. Smith 4825 E. Picadilly Phoenix, Arizona	2/7/74	Story on Mineda Kikulanda, secretary for training of the National Party of Zaire. 800 words	40.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Frank Soler Miami Herald No. 1, Herald Plaza Miami, Florida	8/31/73	Coverage of press conference held by Florida Senator Lawton Chiles after his Latin American tour. 1,000 words	\$ 50.00
Betty J. Stevens Lincoln Journal 926 P. St. Lincoln, Nebraska	9/14/73	Full day coverage of symposium on Argentine-U.S. relations during the sixties at University of Nebraska.	100.00
	3/26/74	Coverage of symposium on the interrelations of culture, technology and development in Latin America. 1,200 words	60.00 160.00
Mary Eileen Sullivan 502 South Linden Ave. Pittsburgh, Pennsylvania	8/2/73	Story on visit of Albert Bongo, President of Gabon. 850 words	50.00
Michael Sullivan Sports Department Courier-Journal 6th & Broadway Louisville, Kentucky	8/15/73	Coverage of national outdoor swimming championships at Louisville, whose participants and coaches will be touring Latin America. 1,500 words	80.00
Janet Tarver 816 Hillview Heights Apt. U-4 Nashville, Tennessee	8/6/73	Story on Meharry Medical College (Nashville, Tennessee) promoting maternal and child health services in Africa. 1,000 words	50.00
Charles L. Towne Hartford Courant 285 Broad St. Hartford, Connecticut	8/27/73	Interview with Mrs. Mathabiso Mosala, President, Lesotho National Council of Women. 850 words	50.00
Stephen G. Vieregg City Room Grand Rapids Press Grand Rapids, Michigan	6/27/74	Story on Alamsyehm Tessama, Executive Secretary, Ethiopian Council on Social Workers. 850 words	50.00

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Chris King Waters c/o Houston Chronicle 801 Texas St. Houston, Texas	9/10/73 9/17/73 3/4/74	Interview with Isaknt Ben Bella, journalism student from Uganda. 900 words Coverage of the Nigerian Trade Mission meeting in Houston. 900 words Coverage of Malaysian trade delegation in Houston. 850 words	\$ 50.00 50.00 <u>50.00</u> <u>150.00</u>
Melvin S. War 180 Glen Dr. Sausalito, California	7/2/73 7/5/73 7/6/73 7/30/73 8/30/73 9/18/73 9/18/73 10/17/73 10/18/73 10/18/73 2/5/74 2/14/74 2/20/74	Story on Mdjidul Islam, youth leader, National Bangladesh Students' League. 850 words Story on Zakari Garba, Assistant General Secretary, Chamber of Commerce, Agriculture and Industry of Niger. 800 words Story on Mar-E-Alam Siddiqui, member of Bangladesh parliament. 1,000 words Story on Ali Tekya, Deputy Director for International Cooperation, Ministry of Foreign Affairs, Tunisia. 800 words Stringer coverage of U.S.-Japan seminar on earthquake engineering, Berkeley, California. 900 words Story on participation of Dr. Robert K.A. Gardiner, Executive Secretary, Economic Commission for Africa, in International Industrial Conference, San Francisco. 850 words Interview with Eland Brockenhurst, officer-in-charge of the San Francisco Mint. 900 words Story on Mohamed Ali & Severino Kiwango, TV producers from Tanzania. 800 words. Story on Tabotu Wolde Michael, radio-TV commentator from Ethiopia. 800 words Story on Raleign Riels Morake, program producer for Radio Botswana. 800 words Story on Gaafalale G. Sesoso, Richard C. Eaton and Abel C. Silomiyana, legislators from Botswana. 850 words Article on San Francisco tour of Brazilian urban planning group. 850 words Coverage of speech by Robert S. Ingersoll, Assistant Secretary of State for East Asian and Pacific Affairs at World Affairs Council of Northern California. 1,050 words	50.00 40.00 50.00 40.00 50.00 50.00 50.00 40.00 40.00 40.00 50.00 50.00 60.00 <u>610.00</u>

<u>Name and Address</u>	<u>Purchase Order Date</u>	<u>Title or Use</u>	<u>Amount</u>
Malvin S. Wax 180 Glen Dr. Sausalito, California	2/22/74 3/5/74 3/11/74 3/21/74 3/26/74 5/30/74	Story on Vivian Burns, importer of African handicrafts. 850 words Coverage of Malaysian Trade Delegation visit to San Francisco. 850 words Story on Captain Alejandro Marin Lopez, Director of the Merchant Marine Academy of Venezuela. 850 words Story on Mohammed Venhima, Minister of State for Cooperation, Morocco. 850 words Story on the Honorable Rameshwar Jaypal, Minister of Reform Institutions, Mauritius. 850 words Coverage of Soviet Governors in San Francisco. 900 words	\$ 50.00 50.00 50.00 50.00 50.00 50.00 50.00 300.00
Don W. Wegars San Francisco Chronicle 5th and Mission Sts. San Francisco, California	5/21/74	Coverage of visit to San Francisco by delegation of USSR Supreme Soviet. 850 words	50.00
Mike Wester, UPI P.O. Box 491 Avalanche-Journal Building Lubbock, Texas	11/8/73	Story based on interview with Tahar Bouamina, Governor of Nabeul Province, Tunisia. 800 words	40.00
Lorna Whiffen 35 Bayside Dr. Madison, Wisconsin	3/4/74	Interview with Mrs/ Pham Bich Thuy, Vietnamese Fulbright student at University of Wisconsin. 1,200 words	60.00
Douglas C.M. Woo 145 Hiolani Place Honolulu, Hawaii	9/6/73	Story on role of Hawaiian businessmen of Chinese ancestry in the state's economy. 2,000 words	100.00
Carolyn R. Wurth Star Route 1, Box 18-E Heber City, Utah	5/9/74	Coverage of conference on use of satellites in large-scale education programs. 1,100 words	60.00
GRAND TOTAL.....			\$ 9,450.00

CONTRACT WRITERS

Mr. SLACK. Do you have a list of the contract writers?

Mr. KEOGH. Yes, sir.

Mr. SLACK. Without objection, we shall insert at this point in the record "Press and Publications Service, Contract Writers Used, July 1, 1973 Thru June 30, 1974."

[The list referred to follows:]

PRESS AND PUBLICATIONS SERVICE
Contract Writers Used
July 1, 1973 Thru June 30, 1974

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Amount</u>
4719-55-4	9/21/73	Professor Ljubisa Adamovic	Article on the Yugoslav economy as part of the international economic system.	PROBLEMS OF COMMUNISM	\$ 350.00
4863-55-4	11/1/73	Professor Victor Alba	Five "Revista de Revistas" sections.	PROBLEMS OF COMMUNISM	500.00
5337-55-4	3/19/74	Ayman el-Amir	Article on the introduction of Arabic as an official United Nations language.	AL-MAJAL	200.00
5501-55-4	4/29/74	Suzanne Anderson	Text for picture story on the Antioch College Law School in Washington, D. C.	AL-MAJAL	100.00
4825-55-4	11/2/73	Mark Arnold	Article on solving problems in mass transportation in the U. S.	AL-MAJAL	200.00
5216-55-4	2/14/74	Esin Atil	Article on an Islamic pottery exhibit at the Freer Gallery.	AL-MAJAL	150.00
5180-55-4	2/1/74	Phyllis Auty	Essay-review of three books on Yugoslavia and non alignment.	PROBLEMS OF COMMUNISM	150.00
4922-55-4	11/26/73	Dr. John Badeau	Article on the late Dr. Taha Hussein, a prominent Egyptian writer and educator.	AL-MAJAL	100.00
5710-55-4	6/12/74	Dr. John Badeau	Article on the future of Arab-American relations pegged to President Nixon's Middle East trip.	AL-MAJAL	400.00 500.00
5661-55-4	6/3/74	Jyotiromy Banerjee	Essay-review of several books on Marxism.	PROBLEMS OF COMMUNISM	150.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Page 2</u>	<u>Amount</u>
5641-55-4	5/30/74	Dr. Ali Bannago	Article emphasizing the role of U.S. economic assistance in Sudanese agricultural development projects.	AL MAJAL	\$	150.00
6318-55-4	6/27/74	Professor Frederick Barghoorn	Essay-review of three books.	PROBLEMS OF COMMUNISM		150.00
5378-55-4	4/1/74	Sami Barzak	Article on the role of the U.S. in the development of broadcasting in the Persian Gulf states.	AL-MAJAL		150.00
5222-55-4	2/19/74	William Bayer	Article on the rebirth of Hollywood and new trends in American filmmaking.	AL-MAJAL		300.00
4681-55-4	9/13/73	Professor Gary K. Bertsch	Article, "Cleavage Patterns in Contemporary Yugoslavia and Implications Thereof."	PROBLEMS OF COMMUNISM		350.00
5569-55-4	5/20/74	C. Fred Bergsten	Article, "The New Framework for International Political Economics."	ECONOMIC IMPACT		300.00
5619-55-4	5/25/74	Professor Lucien Bianco	Essay-review of Chan Kuo-t'ao's autobiography.	PROBLEMS OF COMMUNISM		150.00
5353-55-4	3/25/74	Peter Blake	Finished text for major pamphlet, "Architecture, USA," including signed introductory essay, biographies of architects, quotes, textblocks and captions.	PAMPHLETS		2,500.00
6209-55-4	6/24/74	Peter Blake	Profile of architect John Carl Warnecke.	AMERICA ILLUSTRATED	\$	500.00 3,000.00
5321-55-4	3/18/74	Sandra Blakeslee	Article on the return of the Afo-A-Kom to its village in Yaounde, Cameroon.	TOPIC		300.00
5215-55-4	2/15/74	William Blower	Article tracing a fictitious defendant from the time of his arrest for selling heroin to his conviction, showing how due process of law was observed in American courts throughout the procedure.	AL-MAJAL		250.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Page</u>	<u>Amount</u>
5685-55-4	6/5/74	Abdeslam Bouserghini	Article about Moroccans working with a team of geologists from the University of North Carolina to map the Moroccan coastline.	AL-MAJAL	\$ 150.00	
5084-55-4	12/29/73	David A. Brown	Article, "What Course Now for U.S. Aerospace?"	ECONOMIC IMPACT	300.00	
5568-55-4	5/25/74	Lester R. Brown	Article, "Population for Stability-- Alternative to Disaster?"	ECONOMIC	200.00	
5244-55-4	2/26/74	Jeanette Bruce	Article on the new Fodor guidebook for tourists to the United States.	HORIZONS USA	400.00	
4503-55-4	7/11/73	Robert Boylan	Article, "How Children Learn a Language."	AMERICA ILLUSTRATED	350.00	
5337-55-4	8/17/73	Gene Bylinsky	Article on the scientific field of hormone analogues and insect control.	AMERICA ILLUSTRATED	400.00	754
6320-55-4	6/27/74	John C. Campbell	Article, "Soviet Policy Toward the Balkans."	PROBLEMS OF COMMUNISM	500.00	
4870-55-4	11/5/73	Erwin D. Canham	Article on the foreign affairs implications of the constitutional separation of powers in the U.S.	HORIZONS USA	500.00	
5187-55-4	2/	Peter J. Celliers	Article on industry's growing sense of responsibility for environmental considerations.	AMERICA ILLUSTRATED	450.00	
4537-55-4	7/2	Mr. & Mrs. E.J. Cheatham, Jr.	Article on the United States as a foreigner might see it.	AL-MAJAL	300.00	
4909-55-4	11/1	Professor Theodore H.E. Chen	Review of three books on education in People's Republic of China.	PROBLEMS OF COMMUNISM	150.00	

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	Page 4 <u>Amount</u>
5140-55-4	1/21/74	Paul S. Clark	Article describing trends among the new generation of Hollywood directors, showing how they are helping to revitalize the American cinema as an art form.	AL-MAJAL	\$ 250.00
5944-55-4	11/16/73	Robert Cochran	Article on the federal judicial system.	AMERICA ILLUSTRATED	350.00
6033-55-4	2/5/74	Robert Cochran	Article on the operation of a newspaper syndicate.	AMERICA ILLUSTRATED	425.00 775.00
5205-55-4	2/7/74	Professor John F. Coverdale	Essay-review of two books on Spain.	PROBLEMS OF COMMUNISM	100.00
5008-55-4	12/10/73	Bruce G. Cummings	Article on North Korean nationalsim.	PROBLEMS OF COMMUNISM	350.00
4711-55-4	9/18/73	David Dunnigan	Article on Young Hadawi, Inc., a parking specialists firm operated by an Arab-American.	AL-MAJAL	150.00
5997-55-4	1/16/74	Julius Duscha	Article, "A Survey of the American Press."	AMERICA ILLUSTRATED	700.00
4714-55-4	9/19/73	Klaus Ebelin	Article, "Ragamala, India's Visible Music," for use in <u>Span</u> .	USIS NEW DELHI	132.00
5306-55-4	3/12/74	Edward Edelson	Article, "News About the Universe," explaining recent astronomical discoveries.	DIALOGUE	400.00
6182-55-4	6/11/74	Edward Edelson	Article on preventive dentistry.	AMERICA ILLUSTRATED	300.00 700.00
6201-55-4	6/13/74	Jerry Edgerton	Article on cleaning up the Great Lakes.	AMERICA ILLUSTRATED	450.00

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<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Amount</u>
4622-55-4	8/30/73	Mounir Eido	Article relating the author's impressions of the U.S. artistic scene to the Arab world.	AL-MAJAL	\$ 200.00
4947-55-4	11/28/73	Joseph Epstein	Article, "Letter from Chicago."	HORIZONS USA	300.00
4641-55-4	8/24/73	Professor John Erickson	Essay-review of Marshal Zhukov's <u>Memoirs</u> and Otto Chaney, Jr.'s book, <u>Zhukov</u> .	PROBLEMS OF COMMUNISM	150.00
5642-55-4	5/30/74	Ahmed Fawzi	Article describing the work being done by Egyptians, Americans and British to clear the Suez Canal.	AL-MAJAL	100.00
4683-55-4	9/13/73	Professor William L. Flinn	Article comparing migration processes to urban barrios and to rural communities.	PROBLEMS OF COMMUNISM	350.00
5479-55-4	4/26/74	Professor Robert Freedman	Article dealing with Soviet policy toward the Middle East since the expulsion of Soviet advisors from Egypt in 1972.	PROBLEMS OF COMMUNISM	350.00
4717-55-4	9/21/73	Dr. Ted Friedgut	Essay-review of two books.	PROBLEMS OF COMMUNISM	150.00
6199-55-4	6/13/74	Lawrence Galton	Article on research into methods of bypassing usual sensory inputs to brain.	AMERICA ILLUSTRATED	450.00
5395-55-4	6/24/74	Professor Charlene Gati	Article, "The Kadar Mystique."	PROBLEMS OF COMMUNISM	550.00
5207-55-4	2/7/74	Professor Trend Gilberg	Article on contemporary Romanian policies.	PROBLEMS OF COMMUNISM	350.00
4560-55-4	8/3/73	Professor William Glade	Essay-review of three books on Mexico.	PROBLEMS OF COMMUNISM	100.00
4558-55-4	8/3/73	The Honorable Lincoln Gordon	Essay-review of Riordan Roett's <u>Brazil in the Sixties</u> .	PROBLEMS OF COMMUNISM	100.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Page</u> 6	<u>Amount</u>
4808-55-4	10/23/73	Dr. Peter Grothe	Article on the American Field Service program, an international exchange of high school students.	AMERICA ILLUSTRATED	\$ 365.00	
5394-55-4	4/3/74	Dr. Peter Grothe	Essay-review of two books dealing with public opinion in Communist countries.	PROBLEMS OF COMMUNISM	150.00	515.00
4640-55-4	8/24/73	Professor Bhanbani Sen Gupta	Essay-review of several books on Indian Communism.	PROBLEMS OF COMMUNISM	150.00	
6207-55-4	6/20/74	Max Gunther	Rewrite, edit and update chapter from his book on the American weekend.	AMERICA ILLUSTRATED	250.00	
5208-55-4	2/7/74	Clifford P. Hackett	Essay-review of four books on east-west relations.	PROBLEMS OF COMMUNISM	150.00	
4562-55-4	8/3/73	Professor Theresa R. Harmstone	Article on Soviet national integration.	PROBLEMS OF COMMUNISM	350.00	
5530-55-4	5/8/74	Lillian Harris	Article on the history, progress, and expectations of joint Arab-American excavation projects in Jordan.	AL-MAJAL	250.00	
4630-55-4	8/23/73	Mrs. Kevin Harvey	Editing of a manuscript on nationalization of foreign-held natural-resource industries.	PROBLEMS OF COMMUNISM	175.00	
4712-55-4	9/19/73	Professor Timothy Healey	Research on article, "The Urban University."	DIALOGUE	250.00	
4950-55-4	11/26/73	Louis Henkin	Article on law of the sea.	PROBLEMS OF COMMUNISM	350.00	
4960-55-4	10/5/73	Professor S. Hirschfield	Article, "The President and the Separation of Powers," an analysis of the scope and limits of presidential power.	DIALOGUE	450.00	

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Page</u>	<u>Amount</u>
4639-55-4	8/24/73	Professor John H. Hodgson	Article on the Finnish Communist Party.	PROBLEMS OF COMMUNISM	\$ 350.00	
4801-55-4	10/19/73	David Hoopes	Article on cross-cultural communications and how the subject relates to relations between Americans and Arabs.	AL-MAJAL	200.00	
5870-55-4	9/21/73	Elinor Horwitz	Article on history of Annapolis, to run in conjunction with a series of water-color reproduction.	AMERICA ILLUSTRATED	400.00	
5984-55-4	12/28/73	Elinor Horwitz	Article, "The Education Controversy," a review of several new theories and approaches to teaching and other aspects of U.S. Schooling.	AMERICA ILLUSTRATED	400.00	
6198-55-4	6/13/74	Elinor Horwitz	Article on the Government Printing Office.	AMERICA ILLUSTRATED	350.00	758
6198-55-4	6/13/74	Elinor Horwitz			1,150.00	
4633-55-4	8/24/73	Dr. Ruben J. de Hoyos	Essay-review of two books on modernization and political development of Argentina.	PROBLEMS OF COMMUNISM	75.00	
4684-55-4	9/13/73	Professor Holland Hunter	Essay-review of Joint Economic Committee report, "Soviet Economic Prospects for the Seventies."	PROBLEMS OF COMMUNISM	150.00	
6117-55-4	4/24/74	James Idema	Editorial services, including research and rewriting on several articles.	AMERICA ILLUSTRATED	672.00	
6140-55-4	5/15/74	James Idema	Editorial services, including research and rewriting on several articles.	AMERICA ILLUSTRATED	672.00	
5518-55-4	5/3/74	Professor Douglas Jackson	Article on Soviet cities in the 1970's.	PROBLEMS OF COMMUNISM	350.00	
5182-55-4	4/9/74	John Jarrell	Article on the cultural scene in Santa Fe, New Mexico.	HORIZONS USA	350.00	

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5426-55-4	4/10/74	John Jarrell	Article on Peter MacDonald, Navajo tribal chief.	HORIZONS USA	\$ 600.00
5454-55-4	4/17/74	John Jarrell	Research for article on Peter McDonald, Navajo tribal chief.	HORIZONS USA	<u>150.00</u> 750.00
4830-55-4	10/29/73	James C. Jones	Article, "The Motor Industry: Driving Force in the U.S. Economy."	ECONOMIC IMPACT	400.00
4876-55-4	11/7/73	Sandra Kalenik	Article on Arena Stage, Washington, D.C.'s regional theater which serves as testing ground for new playwrights.	TOPIC	350.00
4910-55-4	11/15/73	Professor Roger E. Kanet	Essay-review of three books dealing with Soviet policy toward the third world.	PROBLEMS OF COMMUNISM	150.00
5390-55-4	4/3/74	Professor Roger E. Kanet	Essay-review of three books on COMECON.	PROBLEMS OF COMMUNISM	<u>150.00</u> 300.00
5276-55-4	1/6/74	Isa Kapp	Article on the work of Katherine Anne Porter based on interviews and other sources.	AMERICA ILLUSTRATED	450.00
5427-55-4	4/9/74	Joseph Katz	Revision of article, "The Person Inside the Student."	DIALOGUE	100.00
4510-55-4	7/18/73	Kirke Kickingbird	Article on the American Indian and his relationship to land.	USIS MAGAZINES	600.00
4515-55-4	7/19/73	Barbara Kindness	Preparation of English-language index for four issues.	AMERICA ILLUSTRATED	500.00
6146-55-4	5/22/74	Barbara Kindness	Article, "Soviet Parliamentarians Visit Seattle, Washington."	AMERICA ILLUSTRATED	<u>138.00</u> 638.00

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5585-55-4	6/20/74	Wayne King	Article on the resurgence of growth and vitality in the American small town.	HORIZONS USA	\$ 400.00
4976-55-4	11/30/73	Otto Klineberg	Article on the nature of racism, to emphasize that it is worldwide and not confined to one country or one region.	TOPIC	350.00
5627-55-4	5/24/74	Ben Kocivar	Article on the air cargo industry with special emphasis on trade between the U.S. and the Middle East.	AL-MAJAL	300.00
5181-55-4	2/1/74	George Kolankiewicz	Essay-review of four books on Poland.	PROBLEMS OF COMMUNISM	150.00
4872-55-4	11/5/73	Professor Milton Konvitz	Article, "The Bill of Rights in the 1970's."	HORIZONS USA	600.00
5926-55-4	10/29/73	Leonard Koppett	Article, "Sports in America," a history of sports in the United States and a psychological examination of Americans' love for sports.	AMERICA ILLUSTRATED	700.00
5206-55-4	2/7/74	Professor Andrzej Korbonski	Essay-review, "Economic Integration in Eastern Europe."	PROBLEMS OF COMMUNISM	150.00
4829-55-4	10/29/73	Gene Koretz	Article, "Going...Going...Gone...Hunting for Resources: The World's New Problem."	ECONOMIC IMPACT	300.00
5691-55-4	6/11/74	Alan M. Kriegsman	Article, "The Washington Cultural Scene."	DIALOGUE	400.00
5481-55-4	4/26/74	Professor Justus van der Kroef	Essay-review of three books on Communist movements in small Asian countries.	PROBLEMS OF COMMUNISM	150.00
5385-55-4	4/2/74	Patrick K. Lackey	Article on the veterinarian in America, his rural routes and patients.	TOPIC	243.24
5269-55-4	3/1/74	Jean L. Laloy	Essay-review of four recent diplomatic memoirs.	PROBLEMS OF COMMUNISM	150.00

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5286-55-4	3/8/74	Richard J. Lamb, Jr.	Revision of article, "How Stanford Educates Business Professionals."	TOPIC	\$	150.00	
6050-55-4	2/21/74	Zigmund M. Lenensohn	Article on the development of psychiatry in America.	AMERICA ILLUSTRATED		400.00	
4992-55-4	12/4/73	Joe Ledlie	Article on the black organization in Atlanta which provides research and analysis support for black candidates.	TOPIC		350.00	
4949-55-4	11/26/73	Professor Robert Legvold	Article on Soviet policy in Western Europe and the problems of European security.	PROBLEMS OF COMMUNISM		350.00	
4580-55-4	8/20/73	Roger Lewis	Article on Algerian architecture peculiar to the M'Zab area and its similarity to Western architecture.	AL-MAJAL		200.00	
6049-55-4	2/21/74	L. David LeRoy	Article on the National Press Club.	AMERICA ILLUSTRATED		400.00	
4536-55-4	7/31/74	Marlane A. Liddell	Article on the Smithsonian Institution as an attraction for foreign tourists.	AL-MAJAL		200.00	
6317-55-4	6/27/74	Professor Kenneth Lieberthal	Essay-review of four books.	PROBLEMS OF COMMUNISM		150.00	
4991-55-4	12/4/73	Tom Linthicum	Article on Atlanta's new black mayor.	TOPIC		350.00	
5466-55-4	4/22/74	Professor Kurt L. London	Essay-review of three books.	PROBLEMS OF COMMUNISM		150.00	
5404-55-4	4/4/74	Janice Lovoos	Article on an Arab-American artist, Alice Asmar, and her unusual art work.	AL-MAJAL		200.00	
5195-55-4	2/7/74	Arthur M. Louis	Updating of article, "Alaskan Oil," from <u>Fortune</u> magazine.	ECONOMIC IMPACT		150.00	

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5307-55-4	3/12/74	Irving Lowens	Article, "My Affair with Romanian Music," about the reception of Romanian music in the United States.	IALOGUE	\$ 300.00
4951-55-4	11/26/73	William H. Luers	Article on Marxism in Venezuela.	PROBLEMS OF COMMUNISM	350.00
5812-55-4	7/30/73	Paul Martin	Article on a North Carolina "think tank."	AMERICA ILLUSTRATED	350.00
4869-55-4	11/5/73	Al Martinez	Profile of Mayor Tom Bradley of Los Angeles.	HORIZONS USA	350.00
4648-55-4	8/27/73	Beverly J. Mason	Copy check on eight articles; research and preparation of article on blues guitarist and singer, B. B. King.	TOPIC	260.00
5217-55-4	2/14/74	Habeeb Massabny	Book review: <u>Modernization Without Revolution: Lebanon's Experiences.</u>	AL-MAJAL	100.00
5247-55-4	2/27/74	Habeeb Massabny	Book review: <u>Capital Cities of Arab Islam.</u>	AL-MAJAL	<u>100.00</u> 200.00
4501-55-4	7/11/73	Thierry Masselot	Interview with Antoine Dakoure, Minister of Agriculture of Upper Volta and chairman of the committee of the six countries affected by the severe drought in Africa.	TOPIC	100.00
4911-55-4	11/15/73	Professor Vojtech Mastny	Essay-review of four books on the cold war.	PROBLEMS OF COMMUNISM	150.00
4853-55-4	11/2/73	Marwan Mawlawi	Article on the American University of Beirut's Medical Center.	AL-MAJAL	200.00
4519-55-4	7/24/73	Sami Mayyassi	Article on breakthrough in cancer research.	AL-MAJAL	200.00

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6123-55-4	4/30/74	R. E. McDaniel	Article on white-water canoe trip.	AMERICA ILLUSTRATED	\$ 450.00		
4974-55-4	11/29/73	Dee McRae	Article on Gregory Peniston, Howard University professor who traces African influences in American architecture and their effect on American housing.	TOPIC	225.00		
5397-55-4	4/3/74	Carl J. Migdail	Essay-review of two books on Allende and the peaceful transition to socialism.	PROBLEMS OF COMMUNISM	150.00		
5647-55-4	6/4/74	Robert Minton	Article on African Students Association and student activities in the Boston area.	TOPIC	350.00		
5786-55-4	6/24/74	Robert Minton	Article, "Letter From Boston."	HORIZONS USA	300.00		
5787-55-4	6/24/74	Robert Minton	Interview with Derek Bok, President of Harvard University.	HORIZONS USA	350.00		
6034-55-4	2/6/74	Robert Minton	Article on the Arthur D. Little Enterprise.	AMERICA ILLUSTRATED	400.00 1,400.00		
5602-55-4	5/22/74	Grayson Mitchell	Article on the debut in America of Africa's top vocalist, Zairian singer Abeti.	TOPIC	150.00		
5770-55-4	6/20/74	John Monk	Article on South Carolina's technical education system.	HORIZONS USA	350.00		
4973-55-4	11/29/73	Michael Morrison	Article on the Institute of International Agriculture at Michigan State University and on its projects in Africa.	TOPIC	500.00		
6183-55-4	6/11/74	Daniel Moskowitz	Article on the Otis Elevator Company.	AMERICA ILLUSTRATED	350.00		

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4828-55-4	10/29/73	John Murphy	Book review: <u>Economics and the Public Purpose</u> , by John Kenneth Galbraith.	ECONOMIC IMPACT	\$ 40.00
5193-55-4	2/7/74	John Murphy	Book review: <u>The Great Wheel: The World Monetary System, a Reinterpretation</u> , by Sidney E. Rolfe and James Burtle.	ECONOMIC IMPACT	35.00 75.00
6055-55-4	2/25/74	Robert Neubert	Article on the Bechtel Corporation.	AMERICA ILLUSTRATED	425.00
4619-55-4	8/24/73	Professor Robert Nisbet	Article, "The Quest for Community," an analysis of contemporary religions and communal movements.	DIALOGUE	400.00
4645-55-4	8/24/73	Professor Harold J. Noah	Essay-review of four books on communist education.	PROBLEMS OF COMMUNISM	150.00
4616-55-4	8/23/73	Malcolm Oettinger	Article, "Letter from America #10."	RPO VIENNA	250.00
4730-55-4	9/24/73	Malcolm Oettinger	Article, "Letter from America #11."	RPO VIENNA	300.00
4731-55-4	9/25/73	Malcolm Oettinger	Article on a caravan tour of the U. S. by Ethiopian diplomats who travelled from coast to coast.	TOPIC	350.00
5087-55-4	1/7/74	Malcolm Oettinger	Article on Pablo Casals.	HORIZONS USA	250.00
5141-55-4	1/21/74	Malcolm Oettinger	Article on stereotypes in old American films and how they are being overcome today.	AL-MAJAL	200.00
5259-55-4	11/1/73	Malcolm Oettinger	Article, "History of the Broadway Musical."	AMERICA ILLUSTRATED	400.00 1,750.00

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5367-55-4	3/27/74	Malcolm Oettinger	Series of reviews of books on the American revolution.	TOPIC	\$	350.00	
6098-55-4	4/8/74	Malcolm Oettinger	Article on the American suburban press.	AMERICA ILLUSTRATED		400.00	
6112-55-4	4/24/74	Malcolm Oettinger	Editorial services, including research and rewriting, on several articles.	AMERICA ILLUSTRATED		672.00	
6139-55-4	5/15/74	Malcolm Oettinger	Editorial services, including research and rewriting, on several articles.	AMERICA ILLUSTRATED		672.00	
6161-55-4	5/29/74	Malcolm Oettinger	Editorial services, including research and rewriting, on several articles.	AMERICA ILLUSTRATED		672.00	<u>2,766.00</u>
5283-55-4	3/6/74	Professor Michael Oksenberg	Article on the Chinese political situation since the cultural revolution.	PROBLEMS OF COMMUNISM		350.00	
5471-55-4	4/23/74	Jeremiah O'Leary	Article, "Coverage of Latin America in the U. S. Press."	HORIZONS USA		350.00	
5062-55-4	12/26/73	Godwin Oyewole	Article on African jazz artists who attain popularity in the U. S.	TOPIC		350.00	
5480-55-4	4/26/74	Professor Norman Palmer	Essay-review of several books on India and communism in India.	PROBLEMS OF COMMUNISM		150.00	
5600-55-4	5/23/74	T. V. Parasuram	"Letter from America" for <u>Span.</u>	USIS NEW DELHI		150.00	
5682-55-4	6/7/74	Arch Parsons	Research, preliminary planning and advance editorial work for series of articles on top black businessmen in the U. S.	TOPIC		650.00	
5688-55-4	6/11/74	Arch Parsons	Editing, rewriting, and revision of manuscripts for issue 87; reading and correcting page proofs for issue 85.	TOPIC		700.00	<u>1,350.00</u>

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5768-55-4	6/19/74	Arch Parsons	Advance editorial work, including topic, title and author recommendation and preparation of story guidelines, for <u>Topic</u> issue 88.	TOPIC	\$ 650.00
5640-55-4	5/31/74	Jouquin Absalon Pastora	Article on tourist sights in the United States, emphasizing Pittsburgh, Pennsylvania, and Lincoln, Nebraska.	HORIZONS USA	200.00
4688-55-4	9/13/73	Professor Neale J. Pearson	Essay-review of several books on guerrilla movements in Latin America.	PROBLEMS OF COMMUNISM	75.00
5937-55-4	11/7/73	William Pechter	Article on the American western film.	AMERICA ILLUSTRATED	450.00
4797-55-4	10/16/73	John Poppy	Article, "Letter from San Francisco."	HORIZONS USA	350.00
5455-55-4	4/22/74	John Poppy	Article on <u>Psychology Today</u> , featuring editor T. George Harris and his insight into the attitudes and interests of his readership.	HORIZONS USA	775.00
5456-55-4	4/22/74	John Poppy	Article, "Letter from San Diego."	HORIZONS USA	<u>350.00</u> 1,475.00
6056-55-4	2/25/74	Rosemary Pyne	Article on the American Red Cross and how it operates.	AMERICA ILLUSTRATED	150.00
4546-55-4	8/1/73	Isa Qasim	Interview with New York cosmetician Lynn Beck, who uses Arab herbs.	AL-MAJAL	150.00
4547-55-4	8/1/73	Isa Qasim	Article on Arab tourist bureaus in the U. S.	AL-MAJAL	<u>400.00</u> 550.00

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6040-55-4	2/15/74	Linda Raymond	Article on the experiences of a novice reporter.	AMERICA ILLUSTRATED	\$ 300.00
5599-55-4	5/23/74	Jorge Castro de Los Rica	Article on Philadelphia's preparation for the bicentennial, emphasizing Latin American participation and meaning of the bicentennial for foreign tourists.	HORIZONS USA	200.00
6090-55-4	2/25/74	James Ricci	Profile of the Newspaper Guild and its growth World War II.	AMERICA ILLUSTRATED	400.00
4718-55-4	9/21/73	Thomas W. Robinson	Article on Soviet policy in East Asia.	PROBLEMS OF COMMUNISM	350.00
5049-55-4	12/21/73	Selden Rodman	Article on poet Pablo Neruda.	HORIZONS USA	300.00
4710-55-4	9/18/73	Ronald Rubin	Article on the American concept of franchising.	AL-MAJAL	150.00
5447-55-4	4/18/74	Ronald Rubin	Article on the American Management Association, which seeks to apply modern methods of management to current organizational problems.	TOPIC	200.00
5815-55-4	8/3/73	Ronald Rubin	Article on the John Jay College of Criminal Justice in New York.	AMERICA ILLUSTRATED	<u>350.00</u> 700.00
5391-55-4	4/3/74	Professor Alvin Z. Rubinstein	Article on dealing with Soviet influence in Egypt.	PROBLEMS OF COMMUNISM	350.00
5744-55-4	6/18/74	Professor Stephen Sacks	Essay-review of several books on the Yugoslav economy.	PROBLEMS OF COMMUNISM	150.00
4685-55-4	9/13/73	Professor Frank R. Safford	Essay-review of several books on Colombia.	PROBLEMS OF COMMUNISM	75.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Page Use</u>	<u>Amount</u>
4851-55-4	11/1/73	Nayantara Sahgal	Article, "Letter from America," for <u>Span.</u>	USIS NEW DELHI	\$ 130.00
5646-55-4	5/31/74	Saleem Salim	Arabic-language article on Kuwait University department reorganized along lines of an American university.	AL-MAJAL	200.00
5667-55-4	6/5/74	Harrison Salisbury	Essay-review of the two books on Stalin.	PROBLEMS OF COMMUNISM	150.00
6057-55-4	2/25/74	Richard Sandza	Profile of the Columbia University School of Journalism.	AMERICA ILLUSTRATED	350.00
4561-55-4	8/3/73	Professor Richard P. Schaedel	Essay-review of two books.	PROBLEMS OF COMMUNISM	100.00
5904-55-4	10/11/73	Rudi Schiffer	Article on the function and development of the A. G. Spalding Company.	AMERICA ILLUSTRATED	400.00
4687-55-4	9/13/73	Dr. Phillippe C. Schmitter	Essay-review of several books on Central America.	PROBLEMS OF ILLUSTRATED	75.00
4716-55-4	9/21/73	Richard Schroeder	Article on the new work ethic which is attempting to humanize the assembly line.	TOPIC	350.00
4873-55-4	11/5/73	Richard Schroeder	Article, "Future of a Just and Stable World."	HORIZONS USA	500.00
5316-55-4	3/14/74	Richard Schroeder	Research and final copy for book-length pamphlet, "An Outline of American Government."	PAMPHLETS	1,500.00
5584-55-4	5/16/74	Richard Schroeder	Article on the American Enterprise Institute and its Lebanese-American president, William Baroody, who has published important works on the Middle East.	AL-MAJAL	150.00 2,500.00

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5872-55-4	9/24/73	Richard Schroeder	Research and story outline on the Pacem in Terris III conference on U.S. foreign policy, October 1973.	HORIZONS USA		\$ 250.00
6058-55-4	2/25/74	Richard Schroeder	Profile of the House Foreign Affairs Committee as a key element in the formulation of American foreign policy.	AMERICA ILLUSTRATED		450.00 700.00
5711-55-4	6/14/74	Franz Schulze	Revision of article, "Chaos As Architecture."	DIALOGUE		100.00
5360-55-4	3/26/74	Duncan N. Scott, Jr.	Article, "On Growing Old in America."	TOPIC		350.00
5969-55-4	12/13/74	Helen Semler	Article on Jule Styne, reviewing his musical contributions and describing the influence of Russian music on his works.	AMERICA ILLUSTRATED		250.00
5103-55-4	1/9/74	S. P. Seth	Article, "Sino-Indian Relations—A Study in Perspective."	PROBLEMS OF COMMUNISM		350.00
5531-55-4	5/8/74	Robert Serling	Article on Aviation industry improvements to meet new needs.	AL-MAJAL		400.00
4816-55-4	10/23/73	Diane K. Shah	Article, "Kill the Umpire."	AMERICA ILLUSTRATED		450.00
6312-55-4	6/26/74	Professor Jane P. Shapiro	Essay-review of five books.	PROBLEMS OF COMMUNISM		150.00
5396-55-4	4/3/74	Professor Robert Sharlet	Essay-review of Solzhenitsyn's "Arkhipelag Gulag."	PROBLEMS OF COMMUNISM		150.00
4871-55-4	11/5/73	Norman Shavin	Article, "Letter from Atlanta."	HORIZONS USA		300.00

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5061-55-4	12/26/73	Mary Shivanandan	Article on the Naval Research Laboratory and its role in putting Americans in space and on the moon.	TOPIC	\$ 350.00
4643-55-4	8/24/73	Professor Harold Shukman	Essay-review of Zelnik's <u>Labor and Society in Tsarist Russia</u> .	PROBLEMS OF COMMUNISM	150.00
5519-55-4	5/3/74	Professor Paul Sigmund	Article on the political, social and ideology aspects of Allende's rule in Chile.	PROBLEMS OF COMMUNISM	350.00
4919-55-4	11/19/73	Henry Simmons	Article on sorghum research at Purdue University.	TOPIC	300.00
5200-55-4	2/7/74	Henry Simmons	Article on U.S. energy resources and research.	HORIZONS USA	550.00
5334-55-4	3/19/74	Henry Simmons	Article on the fossil discovery in Ethiopia which establishes that the first humans lived three million years ago.	TOPIC	250.00
5258-55-4	3/1/74	Henry Simmons	Article, "Exploring World Resources From Space."	ECONOMIC IMPACT	300.00
5465-55-4	4/22/74	Henry Simmons	Article on unmanned exploration of space.	AMERICA ILLUSTRATED	600.00
5906-55-4	10/18/73	Henry Simmons	Article on solar energy, including U. S. - Soviet cooperation and exchange of information in this field.	AMERICA ILLUSTRATED	400.00
6122-55-4	4/30/74	Henry Simmons	Article on extraterrestrial life.	AMERICA ILLUSTRATED	600.00
6200-55-4	6/13/74	Henry Simmons	Article on new American research on energy sources.	AMERICA ILLUSTRATED	500.00 3,500.00

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5204-55-4	2/7/74	Professor Robert Simmons	Essay-review of two books on Korean Communism.	PROBLEMS OF COMMUNISM	\$ 150.00
5985-55-4	12/28/73	Robert W. Smith	Article on the production of a well-balanced editorial page for an American newspaper.	AMERICA ILLUSTRATED	450.00
4850-55-4	10/30/73	Susan A. Snyder	Editing of two essay-reviews.	PROBLEMS OF COMMUNISM	200.00
5224-55-4	2/14/74	Susan A. Snyder	Editing of three essay-reviews, and editing of manuscript by S. P. Seth, "Sino-Indian Relations."	PROBLEMS OF COMMUNISM	400.00
5467-55-4	4/22/74	Susan A. Snyder	Editing of three essay-reviews.	PROBLEMS OF COMMUNISM	200.00
5523-55-4	5/7/74	Susan A. Snyder	Editing of three essay-reviews.	PROBLEMS OF COMMUNISM	<u>200.00</u> 1,000.00
5080-55-4	1/13/74	Daniel Spencer	Book review: <u>Reordered World: Emerging International Economic Problems</u> , edited by Richard N. Cooper.	PROBLEMS OF COMMUNISM	135.00
4952-55-4	11/27/73	Professor Frederick Sontag	Revision of article, "The American Religious Experience."	DIALOGUE	200.00
5245-55-4	2/26/74	Art Spikol	Article, "Letter from Philadelphia," highlighting creative aspects of the city's cultural and social scene.	HORIZONS USA	300.00
5424-55-4	4/9/74	Art Spikol	Article on urban homesteading as a solution to U. S. urban problems.	HORIZONS USA	<u>450.00</u> 750.00
5620-55-4	5/24/74	Professor Nikolaos Stavrou	Article, "The Political Role of the Albanian Military."	PROBLEMS OF COMMUNISM	200.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Page Use</u>	21 Amount
5436-55-4	4/15/74	Dr. Hansjakob Stehle	Essay-review of two books on Poland.	PROBLEMS OF COMMUNISM	\$ 150.00
4621-55-4	8/30/73	Jane Stein	Book review: <u>Contemporary American Literature—1945-1972</u> by Ihab Hassan.	AL-MAJAL	100.00
5778-55-4	6/21/74	Gordon Sterner	Article on student engineering projects to devise new methods of fighting fires.	TOPIC	300.00
6121-55-4	4/30/74	Steven Stosmy	Article on Baltimore Center Stage, an outstanding example of a regional theater.	AMERICA ILLUSTRATED	250.00
4559-55-4	8/3/73	Harry Sylvester	Essay-review of three books.	PROBLEMS OF COMMUNISM	100.00
5282-55-4	3/6/74	Daniel Tarschys	Article on the Swedish Communist Party.	PROBLEMS OF COMMUNISM	350.00
4689-55-4	9/13/73	Dr. Agnes Toward	Essay-review of two books.	PROBLEMS OF COMMUNISM	75.00
5932-55-4	11/2/73	Jay Nelson Tuck	Interview with Dr. A. V. Pokrovsky, Soviet heart specialist, regarding his recent trip through the U. S.	AMERICA ILLUSTRATED	525.00
4918-55-4	11/19/73	Barbara Tufty	Article on a Sudanese jurist, environmental specialist and solar energy authority, Dr. Sammani Ayouba.	TOPIC	200.00
4634-55-4	8/27/73	Professor Joseph S. Tulchin	Essay-review of two books dealing on Argentina.	PROBLEMS OF COMMUNISM	150.00
4682-55-4	9/13/73	Professor Adam B. Ulam	Article, "Soviet Posture Towards East Europe."	PROBLEMS OF COMMUNISM	350.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Page</u>	<u>22</u>	<u>Amount</u>
4557-55-4	8/3/73	Professor Philip E. Uren	Essay-review of two books.	PROBLEMS OF COMMUNISM	\$	100.00	
4644-55-4	8/24/73	Jiri Valenta	Essay-review of two books on Russia.	PROBLEMS OF COMMUNISM		150.00	
4811-55-4	10/19/73	Professor Ivan Volgyes	Article, "Political Socialization in Eastern Europe."	PROBLEMS OF COMMUNISM		350.00	
5152-55-4	1/25/74	Susan Wagner	Article on the development of new bauxite mines and accompanying social services.	TOPIC		250.00	
5153-55-4	1/25/74	Susan Wagner	Article on scientific farming and the production of fruits and vegetables at Foulaya, Guinea.	TOPIC		150.00	
6197-55-4	6/13/74	Susan Wagner	Profile of the head of the copyright office and story about the office.	AMERICA ILLUSTRATED		350.00	
5448-55-4	4/18/74	Dr. S. Jay Walker	Article on black studies in the United States.	TOPIC		750.00	
5315-55-4	3/15/74	Richard Ward	Up-to-date information on world hunger to be used in article, "Contending with an Ancient Enemy."	ECONOMIC IMPACT		350.00	
4946-55-4	11/28/73	Edwin Warner	Article, "Graying of America."	HORIZONS USA		150.00	
5567-55-4	5/16/74	Robert E. Will	Book review: <u>Population, Capital, and Growth: Selected Essays</u> , by Simon Kuznek.	ECONOMIC IMPACT		35.00	
4781-55-4	10/15/73	Goddard W. Winterbottom	Consultation, and feasibility study on pamphlet tentatively titled "An Encyclopedia of American History."	PAMPHLETS		400.00	

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Article</u>	<u>Use</u>	<u>Amount</u>
5225-55-4	2/19/74	Goddard W. Winterbottom	Research on American contributions to the arts of painting and sculpture.	PAMPHLETS	\$ 100.00
5259-55-4	3/1/74	Elizabeth Wohl	Article, "India in the World Trade Center," for <u>Span</u> .	PAMPHLETS	350.00
5392-55-4	4/1/74	Professor Arthur W. Wright	Essay-review of three books on Soviet agriculture.	PROBLEMS OF COMMUNISM	150.00
4742-55-4	9/28/73	Dr. El Sammani A. Iacoub	Article on environmental problems in the Sudan and the Arab World.	AL-MAJAL	200.00
6349-55-4	7/18/74	Dr. Sergius Yakobson	Essay-review of book, <u>The Soviet Censorship</u> .	PROBLEMS OF COMMUNISM	150.00
4686-55-4	9/13/73	Eugene Zaleski	Essay-review of Wasowski's <u>East-West Trade and the Technology Gap</u> .	PROBLEMS OF COMMUNISM	100.00
5393-55-4	4/3/74	Professor William Zimmerman	Essay-review of one book.	PROBLEMS OF COMMUNISM	150.00

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GRAND TOTAL.....\$76,598.24

CONTRACTS FOR PHOTOS

Mr. SLACK. How about a list of the contracts for photographs?

Mr. KEOGH. Yes; we have such a list.

Mr. SLACK. Without objection, we shall insert at this point in the record "Contracts for Photos Purchased by Press and Publications Service for Its Publications July 1, 1973, through June 30, 1974."

[The list referred to follows:]

CONTRACTS FOR PHOTOS PURCHASED BY PRESS AND PUBLICATIONS SERVICE
FOR ITS PUBLICATIONS JULY 1, 1973 THRU JUNE 30, 1974

<u>CONTRACT NO.</u>	<u>DATE</u>	<u>CONTRACTOR</u>	<u>AMOUNT</u>
6543-55-4	12/21/73	Allan V. Abbott	\$ 45.00
5266-55-4	3/1/74	Harry R. Abrams, Inc.	102.80
5343-55-4	3/20/74	"	<u>112.35</u>
			<u>215.15</u>
6528-55-4	12/14/73	Myles J. Adler	300.00
5879-55-4	9/26/73	Aerial Photos of New England	150.00
6434-55-4	8/3/73	Frank Aleksandrowic	250.00
6470-55-4	10/3/73	William Albert Allard	150.00
6084-55-4	3/27/74	"	<u>1,150.08</u>
5536-55-4	5/9/74	"	150.00
6072-55-4	5/21/74	"	<u>787.83</u>
			<u>2,237.91</u>
5275-55-4	3/6/74	Mrs. Walter Allner	40.00
5129-55-4	1/18/74	James I. Amos	450.00
4738-55-4	9/26/73	Curt Anderson	219.01
5860-55-4	9/25/73	Susanne Anderson	194.59
5881-55-4	1/7/74	"	477.86
5992-55-4	1/15/74	"	250.00
5405-55-4	4/1/74	"	611.40
5592-55-4	5/20/74	"	450.00
5687-55-4	6/11/74	"	713.05
6179-55-4	6/11/74	"	600.00
5758-55-4	6/19/74	"	<u>200.00</u>
			<u>3,496.90</u>
4509-55-4	7/18/73	Bert Andrews	14.00
6637-55-4	4/29/74	Kathy Andriesciv	100.00
6529-55-4	12/14/73	Ernest Anheuser	35.00
4576-55-4	8/14/73	Art Works	100.00
5325-55-4	3/18/74	Artisan Type, Inc.	14.00
5399-55-4	4/3/74	Arton Associates, Inc.	68.50
6022-55-4	1/30/74	James K. W. Atherton	144.66
6459-55-4	9/26/73	David Attie, Inc.	84.50
4886-55-4	11/12/73	"	250.00
4914-55-4	11/16/73	"	544.86
5764-55-4	6/19/74	"	500.00
5783-55-4	6/24/74	"	<u>400.00</u>
			<u>1,779.36</u>
5222-55-4	2/15/74	William Bayer	300.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
4554-55-4	8/8/73	Leila Badaro	\$ 330.00
4827-55-4	10/26/73	"	175.00
5710-55-4	6/12/74	John Belieu	400.00
4881-55-4	11/8/73	Den Baliani	35.00
6476-55-4	10/10/73	Baltimore Sunpapers	7.50
6513-55-4	12/3/73	"	<u>25.50</u>
	-		<u>33.00</u>
6318-55-4	6/27/74	Prof. Frederick Barghoorn	150.00
5966-55-4	12/11/73	Bill Barley	751.23
5701-55-4	6/13/74	Gary Burnett	35.00
4778-55-4	10/11/73	Mrs. Linda Bartlett	25.00
5117-55-4	7/24/73	P. M. Baylis	125.00
5113-55-4	8/22/73	"	97.75
5897-55-4	10/13/73	"	100.00
4835-55-4	10/27/73	"	93.90
6506-55-4	11/12/73	"	500.00
6512-55-4	11/20/73	"	100.00
5701-55-4	6/12/74	"	200.00
5710-55-4	6/13/74	"	40.00
5761-55-4	6/19/74	"	300.00
5765-55-4	6/19/74	"	350.00
5781-55-4	6/24/74	"	<u>250.00</u>
			<u>2,156.65</u>
6590-55-4	2/27/74	Rudy Bender	50.00
6604-55-4	11/6/73	Nathan Benn	100.00
6606-55-4	12/14/73	"	<u>50.00</u>
			<u>150.00</u>
5036-55-4	12/18/73	Dan Bernstein	249.10
6000-55-4	10/4/73	Bettman Archives	35.00
5911-55-4	11/29/73	"	35.00
5450-55-4	4/19/74	"	35.00
5451-55-4	6/19/74	"	<u>35.00</u>
			<u>140.00</u>
52-5-55-4	10/31/73	Howard Bingham	312.22
52-2-55-4	10/31/73	"	<u>50.00</u>
			<u>362.22</u>
6421-55-4	7/13/73	Jean R. Black	50.00
5151-55-4	1/25/74	Barry M. Blackman Associates	41.60
6005-55-4	3/6/74	"	150.00
5331-55-4	3/19/74	"	441.20
5368-55-4	3/27/74	"	116.60
5532-55-4	5/8/74	"	594.17
5280-55-4	5/21/74	"	192.50
	3/6/74	"	<u>444.20</u>
			<u>1,980.27</u>

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
6419-55-4	7/10/73	Black Star Publishing Co.	\$ 177.00
6460-55-4	9/21/73	"	6.00
4673-55-4	10/1/73	"	50.00
5894-55-4	10/1/73	"	300.00
6482-55-4	10/16/73	"	125.00
4860-55-4	11/2/73	"	107.70
6502-55-4	11/6/73	"	100.00
4963-55-4	11/29/73	"	150.00
5038-55-4	12/18/73	"	300.00
5083-55-4	12/28/73	"	75.00
5109-55-4	1/11/74	"	500.00
6021-55-4	1/29/74	"	121.97
5185-55-4	2/4/74	"	487.16
5219-55-4	2/14/74	"	50.00
6592-55-4	2/22/74	"	30.08
5326-55-4	4/25/74	"	50.00
5502-55-4	4/29/74	"	500.00
5505-55-4	4/29/74	"	100.00
5513-55-4	5/2/74	"	50.00
5621-55-4	5/24/74	"	50.00
5625-55-4	5/24/74	"	50.00
5785-55-4	6/24/74	"	<u>850.00</u>
			<u>4,299.91</u>
6209-55-4	6/24/74	Peter Blake	500.00
6603-55-4	3/18/74	Lee Boltin	225.00
4815-55-4	10/19/73	Bernie Boston	188.25
4944-55-4	11/26/73	"	<u>150.00</u>
			<u>338.25</u>
5771-55-4	6/20/74	Thomas L. Brand	50.00
6577-55-4	2/12/74	Ernest Braun	150.00
6430-55-4	7/20/73	Brown Brothers	25.00
5568-55-4	5/25/74	Lester Brown	200.00
6455-55-4	9/13/73	Gene Butera	100.00
6548-55-4	12/26/73	UCLA	80.00
5525-55-4	5/1/74	James Carcavo	35.00
6422-55-4	7/10/73	Camera 5	50.00
5901-55-4	10/4/73	"	150.00
4962-55-4	11/29/73	"	300.00
5151-55-4	1/25/74	"	150.00
5798-55-4	6/25/74	"	<u>150.00</u>
			<u>800.00</u>
6320-55-4	6/27/74	John C. Campbell	500.00
4847-55-4	10/29/73	R. I. M. Campbell	150.00
6601-55-4	3/18/74	Amon Carter Museum	10.00
5054-55-4	12/26/73	Edna Walker Chandler	35.00

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<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5548-55-4	5/14/74	Leo Choplín	\$ 182.85
6552-55-4	1/2/74	Christian Science Monitor	20.00
5176-55-4	2/1/74	"	10.00
5272-55-4	3/4/74	"	<u>20.00</u>
			<u>50.00</u>
6149-55-4	5/23/74	Joe Clark	161.00
6532-55-4	12/14/73	Rich Clarkson	200.00
4839-55-4	10/29/73	Al Clayton	120.00
5372-55-4	3/29/74	"	<u>208.00</u>
			<u>328.00</u>
5695-55-4	6/13/74	Alan E. Cober	115.00
4651-55-4	8/30/73	Colorfax Laboratories. Inc.	3.60
5336-55-4	3/19/74	Colortone Press	37.65
5389-55-4	4/2/74	"	<u>59.00</u>
			<u>96.65</u>
4783-55-4	10/15/73	Columbia Records	225.00
6511-55-4	11/27/73	Comcorps	3.70
6551-55-4	1/24/74	"	66.60
6565-55-4	1/16/74	"	78.10
6669-55-4	6/10/74	"	22.80
6679-55-4	6/10/74	"	<u>44.40</u>
			<u>215.60</u>
6567-55-4	1/18/74	Communications Corps, Inc.	85.10
6575-55-4	1/30/74	"	<u>3.70</u>
			<u>88.80</u>
6619-55-4	4/23/74	Conde Nast Publications	12.84
6178-55-4	6/11/74	Paul Conklin	325.00
6507-55-4	11/12/73	Corcoran Gallery of Art	201.00
6568-55-4	1/18/74	"	4.25
6591-55-4	2/22/74	"	<u>4.25</u>
			<u>209.50</u>
5720-55-4	6/14/74	Jack Corn	150.00
5967-55-4	12/18/73	Herb Coro	112.50
6631-55-4	4/24/74	Courier Post	7.50
6465-55-4	10/29/73	Nancy Crampton	100.00
5933-55-4	11/6/73	"	450.00
5839-55-4	1/22/74	"	707.05
6474-55-4	1/22/74	"	150.00
6580-55-4	2/12/74	"	100.00
6649-55-4	5/14/74	"	<u>52.68</u>
			<u>1,559.73</u>

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<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5068-55-4	1/4/74	Creative Color, Inc.	\$ 40.00
6454-55-4	9/12/73	"	<u>138.17</u>
			<u>178.17</u>
6450-55-4	9/7/73	George Cromer	140.00
6546-55-4	12/21/73	Patrick S. Crowe	55.00
6663-55-4	5/28/74	"	<u>35.00</u>
			<u>90.00</u>
6469-55-4	10/1/73	Culver Pictures, Inc.	35.00
5899-55-4	10/4/73	"	25.00
4960-55-4	11/29/73	"	25.00
5669-55-4	6/5/74	"	<u>35.00</u>
			<u>110.00</u>
6515-55-4	11/27/74	Budd Davison	75.00
4775-55-4	10/14/73	Bruce Dale	150.00
4959-55-4	11/29/73	"	<u>250.00</u>
			<u>400.00</u>
6646-55-4	5/14/74	Paul Danien	100.00
5723-55-4	6/14/74	Gene Daniels	150.00
5681-55-4	6/11/74	Arthur d'Arazio	200.00
6587-55-4	2/27/74	Henri Deuman	75.00
6661-55-4	5/28/74	"	<u>75.00</u>
			<u>150.00</u>
6595-55-4	3/6/74	Kent Deardorff	50.00
5164-55-4	1/28/74	Thomas DeFoo	453.12
6159-55-4	5/28/74	"	<u>199.50</u>
			<u>652.62</u>
6625-55-4	4/25/74	The Detroit News	40.50
4965-55-4	12/6/73	Anestis Diakopoulos	159.00
6435-55-4	8/7/73	Diana Custom Photo Lab, Inc.	9.63
6524-55-4	12/11/73	"	<u>14.35</u>
			<u>23.98</u>
6633-55-4	4/29/74	Randy Dieter	55.00
6157-55-4	6/11/74	Peter Dechert	170.00
4743-55-4	9/28/73	Downe Publishing Company	100.00
4882-55-4	11/9/73	Fletcher Drake	600.00
6505-55-4	11/9/73	Kenn Duncan Ltd.	210.00
5834-55-4	8/14/73	Deborah Dwyer	330.00
6534-55-4	12/14/73	Bob East	75.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
4583-55-4	8/21/73	Editorial Photocolor Archives	\$ 35.00
5002-55-4	12/18/73	"	<u>70.00</u>
			<u>105.00</u>
4814-55-4	10/19/73	Karle R. Edmiston	10.00
4784-55-4	10/15/73	Betty Ehlers	5.00
5537-55-4	5/9/74	Terry Eiler	150.00
6069-55-4	3/18/74	Michael Enfield	300.00
6653-55-4	5/17/74	Carmine Errolano	8.00
5893-55-4	10/3/73	Jill Erements	250.00
5046-55-4	12/19/73	The Evening Star Newspaper	14.00
5264-55-4	3/1/74	J. R. Eyerman	25.00
4757-55-4	10/3/73	Fairchild Publications, Inc.	50.00
6556-55-4	1/7/74	"	<u>53.50</u>
			<u>103.50</u>
5535-55-4	5/9/74	David Falconer	100.00
6446-55-4	8/27/73	Douglas Faulkner	150.00
6638-55-4	4/25/74	Richard J. Ferro	35.00
5407-55-4	4/4/74	Roland L. Freeman	94.75
5581-55-4	5/16/74	"	<u>87.60</u>
			<u>182.35</u>
4553-55-4	8/8/73	Gary Freeze	20.00
5734-55-4	6/17/74	Lawrence Fried	150.00
5541-55-4	5/9/74	John Fulton, Jr.	150.00
4786-55-4	10/15/73	David Gahr	6.00
5813-55-4	7/27/73	Lowell Georgia	395.00
5952-55-4	11/19/73	"	750.00
5954-55-4	1/24/74	"	86.55
6670-55-4	6/10/74	"	<u>73.50</u>
			<u>1,305.05</u>
5869-55-4	10/31/73	Donald Getsug	405.40
5613-55-4	5/28/74	"	600.00
5716-55-4	6/14/74	"	300.00
5715-55-4	6/14/74	"	<u>150.00</u>
			<u>1,455.40</u>
5085-55-4	12/29/73	Douglas Gilbert	180.95
5713-55-4	6/14/74	Greg Gilbert	150.00
6654-55-4	5/17/74	Gleason Studio of Photography	7.50

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5895-55-4	10/3/73	Globe Photos	\$ 100.00
5110-55-4	1/11/73	"	50.00
5327-55-4	3/18/74	"	<u>50.00</u>
			<u>200.00</u>
6537-55-4	12/14/73	Bob Goglianese	35.00
5549-55-4	5/14/74	Rapho Guillunette Pictures	375.00
5134-55-4	1/21/74	Gianfranco Gorgeni	50.00
5967-55-4	12/18/73	Herb Goro	112.50
5130-55-4	1/18/74	Farrell Graham	50.00
6553-55-4	1/2/74	Martus Granirer	144.52
6420-55-4	7/10/73	Llewellyn Wood Greenwood	105.00
5794-55-4	6/25/74	Lee Gross Associates, Inc.	366.65
5911-55-4	11/6/73	"	<u>250.15</u>
6436-55-4	8/14/73	"	50.00
6516-55-4	11/30/73	"	48.00
5044-55-4	12/18/73	"	<u>52.00</u>
			<u>766.80</u>
6496-55-4	11/6/73	George Crouter	125.00
6207-55-4	6/20/74	Max Gunther	250.00
5920-55-4	10/26/73	George Hall	784.00
6497-55-4	11/6/73	"	<u>600.00</u>
			<u>1,384.00</u>
5043-55-4	12/18/73	Philippe Halsman	75.00
4735-55-4	9/25/73	Harry Haltchayan	25.00
5504-55-4	4/29/74	The Hament Corporation	61.11
5542-55-4	5/9/74	C. Thomas Hardin	150.00
6081-55-4	3/21/74	Clyde Hare	96.10
5534-55-4	5/9/74	David A. Harvey	150.00
5056-55-4	12/26/73	Grant Heilman	75.00
5842-55-4	9/10/73	Ken Heinen	96.25
4745-55-4	11/8/73	"	85.00
5950-55-4	2/22/74	"	<u>372.75</u>
5714-55-4	6/14/74	"	<u>450.00</u>
			<u>1,004.00</u>
5053-55-4	12/26/73	Richard Hewett	54.67
4713-55-4	9/19/73	Chester Higgins	75.00
5342-55-4	3/20/74	Arizona Highways	1.11

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5762-55-4	6/19/74	HIRO	\$ 500.00
5055-55-4	12/26/73	Walter H. Hodge	150.00
5877-55-4	10/4/73	James Holland	35.00
5626-55-4	5/21/74	"	<u>352.25</u>
			<u>387.25</u>
6426-55-4	7/13/73	John T. Hopf	5.00
5543-55-4	5/8/74	S. Hornecker	125.00
6437-55-4	8/15/73	Ryazard Horowitz, Ltd.	30.00
6177-55-4	6/10/74	Carl Howard	225.00
6657-55-4	5/28/74	Duane Howell	35.00
5267-55-4	3/1/74	William Hutchinson	25.00
5305-55-4	3/12/74	Philip Hyde	50.00
6416-55-4	7/10/73	Image Photo Lab	30.70
6681-55-4	7/10/73	"	6.50
6429-55-4	7/20/73	"	245.00
4518-55-4	7/24/73	"	58.00
6439-55-4	8/17/73	"	34.65
6442-55-4	8/22/73	"	5.80
6451-55-4	9/10/73	"	36.80
6452-55-4	9/12/73	"	3.25
6456-55-4	9/14/73	"	8.25
6457-55-4	9/17/73	"	27.00
6462-55-4	9/27/73	"	28.35
6463-55-4	9/27/73	"	<u>195.30</u>
6464-55-4	9/27/73	"	123.00
6471-55-4	10/4/73	"	79.05
6475-55-4	10/9/73	"	48.65
6478-55-4	10/12/73	"	79.05
6481-55-4	10/18/73	"	30.45
6487-55-4	10/26/73	"	59.00
6489-55-4	10/29/73	"	23.20
6490-55-4	10/31/73	"	4.75
6492-55-4	11/6/73	"	23.60
6503-55-4	11/6/73	"	2.95
6523-55-4	12/11/73	"	3.45
4894-55-4	12/13/73	"	38.70
4913-55-4	12/13/73	"	10.85
5026-55-4	12/18/73	"	74.00
6541-55-4	12/21/73	"	6.90
6547-55-4	12/27/73	"	11.25
6563-55-4	1/17/74	"	45.85
6571-55-4	1/24/74	"	31.40
6433-55-4	1/26/74	"	53.55
6576-55-4	2/22/74	"	14.00
5623-55-4	5/24/74	"	31.00
5634-55-4	5/29/74	"	3.25
5644-55-4	6/4/74	"	8.25
5671-55-4	6/4/74	"	9.75
5684-55-4	6/6/74	"	<u>63.75</u>
			<u>1,509.25</u>

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<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5680-55-4	6/7/74	Image Photo Lab	\$ 170.50
6666-55-4	6/10/74	"	35.75
6667-55-4	6/10/74	"	51.55
6668-55-4	6/11/74	"	21.00
5707-55-4	6/13/74	"	<u>77.70</u>
			<u>356.50</u>
5539-55-4	5/9/74	Island Heritage	152.31
6530-55-4	12/14/73	Jon Jacobson	35.00
5182-55-4	4/9/74	John Jarrell	350.00
6448-55-4	9/4/73	Church of Latter Day Saints	1.00
4540-55-4	7/31/73	Al Johns	25.00
5019-55-4	12/18/73	"	<u>25.00</u>
			<u>50.00</u>
4785-55-4	10/15/73	Johnson Publishing Co., Inc.	40.00
4787-55-4	10/15/73	"	20.00
5165-55-4	1/28/74	"	50.00
5704-55-4	6/13/74	"	<u>50.00</u>
			<u>160.00</u>
6635-55-4	4/29/74	Robert Johnson, Jr.	35.00
5563-55-4	5/10/74	Tom Jones Photo	25.00
6596-55-4	3/6/74	Geroge E. J. seph	375.00
6652-55-4	5/14/74	The Journal Company	1.50
5063-55-4	12/28/73	Sam Juffe	35.00
5586-55-4	5/20/74	Junipero Serra Museum	10.00
5485-55-4	4/26/74	Leonard Kanzler	200.00
5878-55-4	9/26/73	Phokien Karas	24.00
6618-55-4	4/23/74	Kay Reese & Associates	150.00
5712-55-4	6/14/74	Tony Kelly	450.00
5753-55-4	6/21/74	"	<u>450.00</u>
			<u>900.00</u>
5047-55-4	12/21/73	Yeffe Kimball	150.00
6628-55-4	4/23/74	Dallas Kinney	50.00
5934-55-4	11/6/73	Barbara Kindness	200.00
6440-55-4	8/17/73	Irv King	7.50
5585-55-4	6/23/74	Wayne King	400.00
5499-55-4	4/29/74	King Features	35.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5668-55-4	6/5/74	Dennis Kinsella	\$ 105.00
5633-55-4	5/29/74	Vahe' Kirishjian	125.00
6641-55-4	4/29/74	Walt Kleine	35.00
4912-55-4	11/15/73	George Knight	50.00
4508-55-4	7/1/73	Si Chi Ko	75.00
4744-55-4	9/28/73	Balthazar Korab	250.00
6486-55-4	10/24/73	"	<u>70.00</u>
			<u>320.00</u>
6535-55-4	12/14/73	George Koshollek Jr.	75.00
6473-55-4	10/5/73	Jill Krementz	50.00
5927-55-4	10/31/73	"	157.00
5104-55-4	1/10/74	"	50.00
5322-55-4	3/18/74	"	<u>70.00</u>
			<u>327.00</u>
6071-55-4	3/27/74	William F. Kuykendall	275.00
5261-55-4	3/1/74	Jean Pierre Laffont	83.00
5451-55-4	4/18/74	"	<u>169.50</u>
			<u>252.50</u>
6677-55-4	6/14/74	Brian Lanker	200.00
6421-55-4	7/10/73	Robert Lantz	50.00
6424-55-4	7/13/73	Fred Leavitt	50.00
5788-55-4	6/24/74	Budd Lee	825.00
5277-55-4	11/10/73	Leviton-Atlanta	14.37
6317-55-4	6/27/74	Prof. Kenneth Lieberthal	150.00
6555-55-4	1/3/74	Light Impressions, Inc.	250.00
6561-55-4	1/9/74	"	<u>250.00</u>
			<u>500.00</u>
6468-55-4	10/1/73	Tony Linck	50.00
5880-55-4	9/26/73	Harvey Lloyd	700.00
6536-55-4	12/14/73	Frank Lodge	70.00
4945-55-4	1/30/74	Los Angeles County Museum of Art	3.20
6655-55-4	5/17/74	Thomas Lowes	200.00
6085-55-4	5/28/74	"	<u>583.53</u>
			<u>783.53</u>
5041-55-4	12/18/73	Ray Lustig	54.00
6493-55-4	11/8/73	"	<u>100.00</u>
			<u>154.00</u>

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
4538-55-4	7/31/73	Magnum Photos, Inc.	\$ 410.00
4672-55-4	10/1/73	"	100.00
5040-55-4	12/18/73	"	150.00
5082-55-4	12/28/73	"	<u>60.00</u>
			<u>720.00</u>
6427-55-4	7/13/73	Michael Makman	20.00
4607-55-4	8/20/73	Michael Philip Manheim	75.00
5587-55-4	5/20/74	Hans M. Nuth	30.00
4893-55-4	11/12/73	Jan Mar	50.00
4779-55-4	10/11/73	Fred Maroon	50.00
6545-55-4	12/21/73	Stephanie Maze	100.00
4595-55-4	8/28/73	Bruce McAllister	20.00
4708-55-4	9/18/73	"	362.35
5474-55-4	4/24/74	"	<u>193.75</u>
			<u>576.10</u>
4652-55-4	9/6/73	Susan McCartney	100.00
4539-55-4	7/31/73	Dan McCormick	2.00
5873-55-4	11/14/73	Robert F. McCullough	206.96
5472-55-4	6/11/74	"	305.83
6156-55-4	5/28/74	"	<u>697.03</u>
			<u>1,209.82</u>
6662-55-4	5/28/74	Chuck McGowen	35.00
5936-55-4	2/22/74	Norman McGrath	198.00
6645-55-4	5/14/74	McNaught Syndicate	25.00
4615-55-4	8/22/73	Richard Meek	270.00
5876-55-4	9/26/73	"	274.00
4721-55-4	4/8/74	"	<u>665.00</u>
			<u>1,209.00</u>
5032-55-4	12/20/73	Meridian Photographics, Inc.	24.81
6467-55-4	10/1/73	"	6.47
5892-55-4	10/3/73	"	52.90
6483-55-4	10/18/73	"	33.55
6488-55-4	10/29/73	"	<u>17.85</u>
			<u>135.58</u>
6542-55-4	1/14/74	William Meares, III	125.00
4551-55-4	8/7/73	Robert Mertz	240.00
4904-55-4	11/14/73	Metropolitan Museum of Art	38.50
5672-55-4	6/5/74	"	<u>25.00</u>
			<u>64.50</u>
6519-55-4	12/5/73	Duane Michale	300.00
5898-55-4	10/4/73	Herbert Migdall	200.00

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<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
6544-55-4	12/21/73	Bob Miller	\$ 35.00
6466-55-4	9/28/73	Robert W. Minton "	20.00
5787-55-4	6/21/74	"	<u>350.00</u>
			<u>370.00</u>
6558-55-4	1/7/74	Jack Mitchell	50.00
5498-55-4	4/29/74	"	50.00
6438-55-4	8/16/73	"	<u>50.00</u>
			<u>150.00</u>
4549-55-4	8/8/73	Mike Mitchell	256.30
5202-55-4	2/8/74	"	350.00
5776-55-4	6/21/74	"	<u>200.00</u>
			<u>806.30</u>
6441-55-4	8/17/73	Modernage Photo Services, Inc.	26.22
6480-55-4	10/18/73	"	<u>3.75</u>
			<u>29.97</u>
5037-55-4	12/18/73	Tommie L. Moeser	443.00
5770-55-4	6/20/74	John Monk	350.00
5629-55-4	5/29/74	Peter Moore	50.00
6485-55-4	10/24/73	Nancy Moran	70.00
6423-55-4	7/10/73	Rod Moyer	105.00
6599-55-4	3/8/74	Steve Myers	105.00
5328-55-4	3/19/74	Josef Musuch	125.00
5263-55-4	3/1/74	David Muench	150.00
4741-55-4	9/27/73	Harry Nalchayan	114.50
5573-55-4	5/15/74	Hans Namuth	150.00
4900-55-4	11/26/73	Eli Nano	185.16
5766-55-4	6/19/74	Department of Commerce	119.35
6494-55-4	11/6/73	Nelson Gallery-Atkins Museum	25.25
4606-55-4	8/21/73	John Neubauer	229.25
4609-55-4	8/21/73	"	6.00
5593-55-4	5/20/74	"	<u>449.57</u>
			<u>684.82</u>
4624-55-4	8/30/73	Arnold Newman	90.00
5664-55-4	6/4/74	"	<u>75.00</u>
			<u>165.00</u>
6611-55-4	3/18/74	New York Daily News	20.00
5429-55-4	4/9/74	"	<u>20.00</u>
			<u>40.00</u>
6501-55-4	12/11/73	New York Historical Society	39.50

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
6572-55-4	1/24/74	New York Public Library	\$ 25.00
6418-55-4	7/10/73	New York Times	50.00
4566-55-4	8/7/73	"	50.00
4658-55-4	9/4/73	"	150.00
6453-55-4	9/13/73	"	50.00
4696-55-4	9/17/73	"	150.00
5867-55-4	9/18/73	"	100.00
6538-55-4	12/14/73	"	50.00
5020-55-4	12/18/73	"	50.00
5096-55-4	1/9/74	"	75.00
6598-55-4	3/6/74	"	15.00
5356-55-4	3/25/74	"	50.00
5402-55-4	4/4/74	"	150.00
6626-55-4	4/23/74	"	50.00
5517-55-4	5/3/74	"	200.00
6647-55-4	5/14/74	"	50.00
6658-55-4	5/21/74	"	52.95
6671-55-4	6/10/74	"	50.00
			<u>1,342.95</u>
6570-55-4	1/22/74	NFL Properties, Inc.	250.00
4824-55-4	10/24/73	Campbell Noragaard	75.00
5757-55-4	6/19/74	Steve Northrop	150.00
6664-55-4	5/28/74	Richard Nugent	100.00
5763-55-4	6/19/74	Michael O'Halleran	350.00
5540-55-4	5/9/74	Charles O'Rear	150.00
4901-55-4	11/15/73	Yoichi R. Okamoto	728.50
5331-55-4	3/19/74	Old Dartmouth Historical Society	10.00
6472-55-4	10/4/73	Louis Ouizer	35.00
5666-55-4	6/20/74	Michael Pfleger	210.00
4905-55-4	11/14/73	Nancy Palmer Photo Agency Inc.	15.00
5042-55-4	12/18/73	"	<u>150.00</u>
			<u>165.00</u>
6659-55-4	5/28/74	James Parcell	35.00
5768-55-4	6/19/74	Arch Parsons	650.00
4706-55-4	9/17/73	Lynn Pelham	366.74
4998-55-4	12/6/73	Claude R. Petrone	110.00
5335-55-4	3/19/74	CSM Photo Department	10.00
4521-55-4	7/24/73	James H. Pickerell	75.00
5857-55-4	9/6/73	"	200.00
5784-55-4	6/24/74	"	<u>150.00</u>
			<u>425.00</u>

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5692-55-4	6/12/74	Robert Phillips, Ltd.	\$ 500.00
6676-55-4	6/14/74	"	<u>550.00</u>
			1,050.00
5239-55-4	2/22/74	J. Pinderhughes	35.00
5550-55-4	5/10/74	Photo Researchers	150.00
5510-55-4	5/1/74	"	300.00
6428-55-4	12/11/73	"	<u>200.00</u>
			650.00
5511-55-4	5/2/74	Photo Trends	50.00
5666-55-4	6/4/74	Plus Four	175.00
.4791-55-4	10/16/73	John Poppy	348.94
6195-55-4	11/6/73	Portogallo Inc.	22.25
6549-55-4	12/26/73	"	<u>37.90</u>
			60.15
6627-55-4	4/23/74	Chuck Pulin	110.00
6432-55-4	7/25/73	Jaydie Putterman	367.50
5146-55-4	1/24/74	Charles M. Rafshoon	175.00
5033-55-4	12/18/73	Frederic Ramsey, Jr.	50.00
6449-55-4	9/6/73	William R. Ray	350.00
6559-55-4	1/7/74	"	<u>200.00</u>
			550.00
5470-55-4	4/23/74	Renaca Photography	200.00
5733-55-4	6/14/74	Rapho-Guillumette Pictures	35.00
6533-55-4	12/14/73	United Methodist Public House	35.00
5756-55-4	6/19/74	Terry Eiler	300.00
6672-55-4	6/10/74	Bill Rogers	25.00
5383-55-4	4/1/74	Franklin D. Roosevelt Library	2.03
5754-55-4	6/19/74	"	<u>3.15</u>
			5.18
6479-55-4	10/18/73	Ted Rozumalski	70.00
5896-55-4	10/3/73	Raeanne Rubenstine	50.00
4964-55-4	11/29/73	"	<u>50.00</u>
			100.00
6593-55-4	2/26/74	Hal Rumel	300.00
5722-55-4	6/14/74	Don Rutledge	261.71
5744-55-4	6/13/74	Prof. Stephen R. Sacks	150.00
4826-55-4	10/26/73	Magda Saleh	23.89

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
4908-55-4	11/15/73	Al Satterwhite	\$ 50.00
6531-55-4	12/14/73	"	<u>35.00</u>
			<u>85.00</u>
5875-55-4	9/26/73	Saturday Evening Post	150.00
5330-55-4	3/19/74	Samuel Saylor	150.00
6589-55-4	2/22/74	Joseph Scayles	125.00
6514-55-4	11/27/74	Herst Schafer	35.00
5639-55-4	5/30/74	Helen Schreider	225.00
5711-55-4	6/14/74	Franz Schulze	100.00
5802-55-4	7/23/73	Byron E. Schumaker	165.55
5803-55-4	7/23/73	"	81.78
5829-55-4	8/10/73	"	<u>75.00</u>
			<u>322.33</u>
5035-55-4	12/18/73	Daniel Schwartz	125.00
5221-55-4	1/28/74	"	<u>200.00</u>
			<u>325.00</u>
4593-55-4	8/15/73	SCOPE Associates, Inc.	18.00
4614-55-4	8/20/73	"	<u>196.30</u>
			<u>214.30</u>
6639-55-4	4/25/74	Seattle Times	35.00
6648-55-4	5/14/74	Josef Scayles	100.00
4659-55-4	9/4/73	Michael Sellett	61.80
6508-55-4	11/14/73	Tomas Sennett	100.00
6540-55-4	12/18/73	"	75.00
5111-55-4	1/14/74	"	250.00
5190-55-4	2/2/74	"	75.00
5189-55-4	2/5/74	"	100.00
6581-55-4	2/12/74	"	650.00
5329-55-4	3/19/74	"	375.00
6674-55-4	6/10/74	"	125.00
6180-55-4	6/11/74	"	500.00
5717-55-4	6/14/74	"	<u>150.00</u>
			<u>2,400.00</u>
5357-55-4	3/25/74	Ron Sherman	603.00
4784-55-4	10/15/73	Betty Shlers	5.00
4898-55-4	11/16/73	Shostal Associates, Inc.	200.00
5473-55-4	4/24/74	Richard Shulman	275.00
6643-55-4	5/14/74	Carl J. Skalak Jr.	35.00
6569-55-4	1/18/74	Robert L. Smith	17.50
6461-55-4	9/25/73	Wayne Smith Company, Inc.	25.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
4581-55-4	1/20/73	Smithsonian Institution	\$ 20.00
5278-55-4	3/6/74	"	101.00
5281-55-4	3/6/74	"	<u>70.00</u>
			<u>191.00</u>
6588-55-4	2/27/74	Bob and Ira Spring	125.00
6080-55-4	8/6/73	James Pickerell	469.85
5859-55-4	10/3/73	Christopher Springmann	1,535.99
4802-55-4	10/19/73	"	249.70
5953-55-4	11/20/73	"	1,530.40
6564-55-4	1/15/74	"	100.00
5993-55-4	1/30/74	"	185.30
5220-55-4	2/15/74	"	317.50
5500-55-4	4/29/74	"	349.70
5694-55-4	6/25/74	"	<u>141.25</u>
			<u>4,409.84</u>
5971-55-4	12/14/73	Victor Srinkin	178.15
6597-55-4	3/6/74	Rick Stafford	35.00
6550-55-4	12/26/73	Paul D. Steffee	50.99
5778-55-4	6/21/74	Gordon Sterner	300.00
6634-55-4	4/29/74	Dale Stierman	35.00
6417-55-4	7/10/73	Straight Arrow Books	12.00
6665-55-4	5/28/74	Bill Strode	100.00
4943-55-4	11/26/73	Bruce Stromberg	243.80
6675-55-4	6/14/74	Gary Aro Ruble	375.00
5533-55-4	5/9/74	James Sugar	150.00
4653-55-4	9/6/73	John Svoboda	75.00
6620-55-4	4/23/74	Martha Swope	200.00
5665-55-4	6/4/74	"	<u>75.00</u>
			<u>275.00</u>
6650-55-4	5/14/74	Sygma	50.00
4697-55-4	9/17/73	George Tames	100.00
6444-55-4	8/27/73	Ron and Valerie Taylor	150.00
5133-55-4	1/18/74	John R. Tennact	150.00
5386-55-4	4/18/74	George Tames	50.00
6673-55-4	6/10/74	Katrina Thomas	600.00
4902-55-4	11/15/73	Ricardo Thomas	300.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
6445-55-4	10/10/73	Time Incorporated	\$ 300.00
6498-55-4	11/6/73	"	185.00
6500-55-4	11/6/73	"	185.00
6520-55-4	12/7/73	"	75.00
6521-55-4	12/7/73	"	300.00
6522-55-4	12/7/73	"	555.00
6525-55-4	12/11/73	"	75.00
6539-55-4	12/18/73	"	75.00
6560-55-4	1/9/74	"	10.00
6632-55-4	4/25/74	"	115.00
5574-55-4	5/16/74	"	<u>87.50</u>
			<u>1,962.50</u>
4570-55-4	8/14/73	Toronto Star Syndicate	2.55
5117-55-4	1/15/74	Gianni Tortoli	200.00
4548-55-4	8/3/73	Leo Touchet	360.00
5951-55-4	12/11/73	"	568.00
6573-55-4	1/29/74	"	<u>40.00</u>
			<u>968.00</u>
4966-55-4	12/6/73	Trans-Com,/The Photogroup	82.50
6629-55-4	4/23/74	Transworld Features. Inc.	125.00
5596-55-4	5/20/74	Dennis Traub	25.00
5194-55-4	2/5/74	United Nations	10.00
5547-55-4	5/29/74	The University Museum of Penn.	1.51
6477-55-4	10/10/73	Michelle Vignes	125.00
5497-55-4	4/29/74	Visual Departures, Ltd.	150.00
5186-55-4	2/5/74	Chuck Vollertsen	35.00
5601-55-4	5/23/74	Elizabeth Wahl	100.00
6316-55-4	6/27/74	"	<u>289.50</u>
			<u>389.50</u>
5721-55-4	6/14/74	Steven E. Wall	150.00
4938-55-4	11/26/73	M. E. Warren	35.00
6636-55-4	4/29/74	Washington Star News	7.00
5512-55-4	5/2/74	Julian Wasser	51.50
6557-55-4	1/7/74	Waterloo Courier	35.00
6431-55-4	7/24/73	Wayne State University	85.00
4604-55-4	8/21/73	Jim Wells	358.74
6484-55-4	10/18/73	Hans Wendler	100.00
4542-55-4	7/31/73	Julian Wasser	51.75
6612-55-4	3/18/74	Robert Westerlage	150.00

<u>Contract No.</u>	<u>Date</u>	<u>Contractor</u>	<u>Amount</u>
5034-55-4	12/18/73	Western History Collections	\$ 5.50
6644-55-4	5/14/74	Robert J. Westrich	35.00
5171-55-4	2/21/74	Baron Wolman	100.00
4669-55-4	9/6/73	Leroy Woodson, Jr.	308.30
6001-55-4	5/20/74	"	<u>368.55</u>
			<u>676.85</u>
5686-55-4	6/11/74	Whitney Museum of American Art	4.35
6562-55-4	1/10/74	"	<u>50.70</u>
			<u>55.05</u>
5428-55-4	4/9/74	Wide World Photos, Inc.	25.00
6527-55-4	12/14/73	Max Winter	35.00
5039-55-4	12/18/73	Woodfin Camp and Associates	52.00
5116-55-4	1/15/74	Leroy Woodson, Jr.	125.00
6513-55-4	11/27/73	Yale University	65.50
6630-55-4	4/23/74	Zodiac	<u>50.00</u>
GRAND TOTAL.....			\$95,087.82

MOTION PICTURE AND TELEVISION SERVICE

Mr. SLACK. You might advise the committee at this point of the major responsibilities of the Motion Picture and Television Service.

Mr. KEOGH. Mr. Chairman, the Motion Picture and Television Service acquires and produces films and television documentaries for use around the world. If I may expand a little bit on what we are doing, I would like to do so, because I am rather proud of some of the efforts we are making now in that particular section.

I think the most effective work of the Film Section is in the production of two film series, one called Vision and one called Science Report. Vision is a magazine format of vignettes or pieces about American life, people, organizations, the whole spectrum of American life. In each half-hour segment there, we see about five pieces on American life. This series is shown around the world on more than 500 television stations in more than 70 countries. The other series is Science Report which devotes its attention to new developments and advances in American science. It also is shown in hundreds of television stations around the world and in, once again, more than 70 countries. As I say, I think this is a very effective use of the film medium to explain and tell about the United States around the world.

Mr. MILLER. Could I interrupt?

As to the problem of the language there, how do you overcome this? How many different languages is it produced in?

Mr. KEOGH. We produce Science Report in English, French, Spanish, Portuguese, Arabic; and now Vision, that would be roughly the same, Spanish, French, Arabic, English, and Vietnamese. That is one language that we probably will now drop.

Mr. MILLER. Will there be places where you could not show that?

Mr. KEOGH. Yes; there would be places where we could not show that. However, this selection would be based on our determination as to where we would have the greatest opportunity to show these films.

Mr. MILLER. Thank you.

MOTION PICTURES

Mr. KEOGH. The film that is probably getting the most use now around the world at this time is a 10-minute film called "Top: The Electronic Supermarket." It is a film we have produced in conjunction with the Department of Commerce, and it is designed to promote trade; in other words, to promote the purchase of American goods by countries overseas.

Very recently, six of our films won awards granted by the board of directors of the Council on International Nontheatrical Events. These were "The Age of Man in Space," "NIK," "Experience in Sight and Sound," "Santa Fe," "The Team Spirit," "The Tiny World," and one of our Vision programs. That is a long answer, but I did want to make those points.

MOTION PICTURE AND TELEVISION CONTRACTS

Mr. SLACK. Do you have a list of the contracts in this particular area?

Mr. KEOGH. Yes, sir.

Mr. SILVERMAN. We have a list of contracts over \$5,000 in the motion picture and television activity.

Mr. SLACK. Without objection, we shall insert at this point in the record: "Motion Picture and Television Service, Fiscal Year 1974 Contracts in Excess of \$5,000."

[The list referred to follows:]

MOTION PICTURE AND TELEVISION SERVICE
FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
Alan Landsburg Productions, Inc. . . .	17276	6/14/74	Acquisition of rights to distribute and exhibit prints of <u>My Father Gave Me America.</u>	\$ 5,000
Alpha Cine Laboratories	16824	9/19/73	Open-end purchase of prints of <u>Well of Life.</u>	6,787
Associated Producers, Inc.....	16714	12/20/73	Editing and completion of <u>The Age of Man in Space.</u>	7,041
Associated Producers, Inc.	17299	6/21/74	Editing and completion of 26 programs for the Arabic <u>Now</u> series.	<u>27,900</u>
Sub-total, Associated Producers, Inc.				34,941
Audio Visual Specialties, Inc.	16411	1/1/74	Open-end creative editing and negative matching.	7,051
Burt Rashby Films	17191	4/17/74	Production of <u>Santa Fe.</u>	45,815
Byron Motion Pictures, Inc.	16611	5/1/73	Open-end Laboratory Services contract.	118,858
Byron Motion Pictures, Inc.	17198	5/16/74	Open-end Laboratory Services contract. -	<u>15,895</u>
Sub-total, Byron Motion Pictures, Inc.				134,753
CBS Education and Publishing Group, of Columbia Broadcasting System, Inc.	16425	12/15/73	Open-end purchase of rights and pre-print material of various color television programs in <u>The 21st Century</u> series.	5,100
CMX Systems, An Orrox Company	17263	6/20/74	Purchase of two computer-controlled videotape editing systems.	192,884

MOTION PICTURE AND TELEVISION SERVICEFISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
Capital Film Laboratories, Inc. ...	16610	5/1/73	Open-end Laboratory Services contract.	\$ 83,663
Capital Film Laboratories, Inc. ...	17199	5/16/74	Open-end Laboratory Services contract.	<u>36,444</u>
Sub-total, Capital Film Laboratories, Inc.				120,107
Compact Video Systems, Inc.	16790	11/1/73	Remote services for videotape recordings of interviews for <u>Realidades</u> series.	8,022
Consolidated Film Industries	16836	10/1/73	Open-end Laboratory Services contract.	20,259
Coronado Studios	17249	5/23/74	Production of <u>People to People Invitations</u> .	10,307
Council on International Non-theatrical Events	16721	7/1/73	Grant-selecting films for International Film Festivals.	14,500
Dick Young Productions, Ltd.	16980	11/15/73	Production of <u>Profile: Gail Parker</u> .	34,966
Du Art Color Corporation	16829	10/1/73	Open-end Laboratory Services contract.	19,741
Durrin Films, Inc.	17301	6/25/74	Editing and completion of <u>The Legacy of Youth</u> .	5,401
Electronic Arts Intermix, Inc.	17232	5/21/74	Purchase of rights and pre-print material of <u>Video - The New Art Medium</u> .	10,522
Encyclopaedia Britannica Educational Corporation	15745	1/15/73	Open-end purchase of prints contract.	8,895

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MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
FilmFair Communications	17165	4/2/74	Acquisition of rights to distribute and exhibit prints of <u>Creative Hands</u> and <u>Right On/Be Free.</u>	\$ 5,000
Film Opticals, Inc.	16867	11/1/73	Open-end Titles, Title Cards, Artwork and Optical Effects Services contract.	8,514
Frost Productions, Inc.	17216	5/22/74	Production of <u>George Washington Trail Country.</u>	54,567
Gemini Films, Inc.	16927	10/11/73	Editing and completion of <u>Skylab - Outpost in Space.</u>	10,000
Guffanti Film Laboratories, Inc. ..	16832	10/1/73	Open-end Laboratory Services contract.	9,754
Gurian-Sholder Productions, Inc. ..	17255	5/31/74	Production of <u>Profile: Dr. Ricardo Alegria, Curator of Puerto Rican Culture.</u>	31,873
Hearst Metrotone News, Inc.	16334	10/26/73	Production of 12 issues of <u>Science Report.</u>	287,109
Hearst Metrotone News, Inc.	16377	12/1/72	Open-end News Photographic Coverages contract.	40,030
Hearst Metrotone News, Inc.	16839	10/1/73	Open-end Language Versions contract.	45,369
Hearst Metrotone News, Inc.	16972	12/1/73	Open-end News Photographic Coverages contract.	<u>122,850</u>
Sub-total, Hearst Metrotone News, Inc.				495,358

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MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
Jomsborg Productions, Inc.	16812	8/20/73	Production of <u>Interstate 80 (A Nation On the Go)</u> for <u>Ahora</u> series.	\$ 35,725
KQED, San Francisco, California ..	16791	9/5/73	Remote services for videotape recordings of interviews for <u>Realidades</u> series.	16,408
Kieth Merrill Associates	17226	5/7/74	Production of <u>The Tiny World</u> .	61,723
Koster Film Facilities, Inc.	16612	5/1/73	Open-end Laboratory Services contract.	8,420
Lewron Television, Inc.	16879	10/3/73	Remote services for videotape recordings of interviews for <u>Realidades</u> series.	7,335
Magno Sound, Inc.	16471	2/1/73	Open-end Recording, Re-recording and Transfer Services contract.	26,353
Magno Sound, Inc.	16838	10/1/73	Open-end Language Versions contract.	<u>23,914</u>
Sub-total, Magno Sound, Inc.				50,267
Mobilimage Corporation	17118	3/20/74	Remote services for videotape recordings of interviews for <u>Realidades</u> series.	12,176
Movielab, Inc.	16229	10/1/72	Open-end Laboratory Services contract.	15,800
Movielab, Inc.	16834	10/1/73	Open-end Laboratory Services contract.	<u>81,743</u>
Sub-total, Movielab, Inc.				97,543

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MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
Northwest Teleproductions	17044	2/6/74	Remote services for videotape recordings of \$ interviews for <u>Realidades</u> series.	6,507
Oxford Films, Inc.	17123	3/22/74	Open-end purchase of prints contract for <u>California</u> and <u>The South</u> .	5,550
Parker Film Associates, Inc.	17225	5/6/74	Production of <u>The Team Spirit</u> .	52,426
Pendleton Productions, Inc.	17196	5/9/74	Open-end purchase of prints contract for <u>High Road to Alaska</u> .	5,850
Peter Rosen Productions, Inc.	17109	2/22/74	Production of <u>The Franchise System</u> .	53,836
Phillips, Marta	16483	3/7/73	Open-end Spanish Language Talent vendor.	11,350
Phoenix Films, Inc.	16378	12/1/72	Open-end News Photographic coverages contract.	18,062
Phoenix Films, Inc.	16973	12/1/73	Open-end News Photographic coverages contract.	<u>48,430</u>
Sub-total, Phoenix Films, Inc.				66,492
Precision Film Laboratories, Inc..	16231	10/1/72	Open-end Laboratory Services contract.	6,081
Precision Film Laboratories, Inc..	16830	10/1/73	Open-end Laboratory Services contract.	<u>35,539</u>
Sub-total, Precision Film Laboratories, Inc.				41,620
Queensway Promotions, Ltd.	17202	4/22/74	Acquisition of rights to distribute and exhibit prints of <u>East Side</u> , <u>West Side</u> .	14,868

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MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
R.P. Enterprises, Inc.	17163	3/1/74	Acquisition of rights to distribute and exhibit prints of <u>Roberta Peters</u> .	\$ 5,000
Robert Aller & Associates	17183	3/29/74	Production of <u>Profile: Emmett Edwards, Ombudsman</u> .	42,642
Rodel Audio Services	16364	11/21/73	Open-end Recording, Transfer and Mixing Services contract.	16,207
Rodgers Film, Inc.	17162	3/25/74	Editing and completion of <u>Community of the Imagination</u> .	24,945
SA Films, Inc.	16843	9/4/73	Production of four issues in the <u>Vision</u> series.	223,235
Sanders, Terry	17046	1/31/74	16mm color photography for inclusion in <u>Profile: Aaron Copland</u> .	14,872
Sanders, Terry	17296	6/25/74	Production of <u>Profile: Aaron Copland</u>	49,384
Sub-total, Terry Sanders				64,256
Steeg Productions, Inc.	16844	9/4/73	Production of four issues in the <u>Vision</u> series.	172,665
Synapse Films	17166	3/29/74	Production of <u>The Americans Are Coming</u> .	43,766
TVC Laboratories, Inc.	16831	10/1/73	Open-end Laboratory Services contract.	59,998

MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
Technicolor, Inc., Radiant Division	16833	10/1/73	Open-end Laboratory Services contract.	\$ 17,229
Thomas Craven Film Corporation ...	16046	7/9/73	Production of one issue in the <u>Vision</u> series.	36,381
Tom Thomas Organization, Inc., The	16738	7/19/73	Open-end purchase of prints contract.	17,681
UCC Films, Inc.	17285	6/25/74	Acquisition of rights to distribute and exhibit prints of <u>The Informer</u> , <u>Abe Lincoln in Illinois</u> , <u>Top Hat</u> , and <u>King Kong</u> .	12,663
UPITN Corporation	16376	2/13/73	Open-end News Photographic coverages contract.	105,954
UPITN Corporation	16603	5/1/73	Open-end contract for stock footage, laboratory services, usage rights, etc.	34,909
UPITN Corporation	16971	12/1/73	Open-end News Photographic coverages contract.	375,295
UPITN Corporation	17182	5/1/74	Open-end contract for stock footage, laboratory services, usage rights, etc.	<u>8,428</u>
Sub-total, UPITN Corporation				524,586
University of Iowa, The	17100-G	2/19/74	Grant for photographic coverage for <u>Community of the Imagination</u> .	19,720
University Sciences Forum, Inc. ...	15393-G	7/1/73	Grant for cataloging film and television material.	10,890

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MOTION PICTURE AND TELEVISION SERVICE

FISCAL YEAR 1974 CONTRACTS IN EXCESS OF \$5,000

<u>Contractor</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Service</u>	<u>Amount</u>
WH Productions, Ltd.	17067	1/18/74	Production of four issues in the <u>Vision</u> series.	\$ 204,137
Walt Disney Educational Materials Company	17117	3/20/74	Acquisition of rights to distribute and exhibit prints of <u>The Magic of Walt Disney World</u> .	5,400
Wilkison, Roger B.	16534	7/1/73	Open-end Spanish Language Talent vendor.	5,095
Wilkison, Roger B.	16722	7/1/73	Open-end Spanish Language Talent vendor as "on camera" host and narrator for <u>Ahora</u> series.	<u>6,450</u>
Sub-total, Roger B. Wilkison				11,545
William Greaves Production, Inc.	17283	6/7/74	Production of <u>The Visitors</u> .	38,123
Witoelar, Wimar	16895	10/23/73	Open-end Indonesian Language Talent vendor.	7,875
Worldwide Films, Inc.	16410	1/1/73	Open-end Editing Services contract.	<u>7,421</u>
			GRAND TOTAL	3,414,578

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Mr. KEOGH. Mr. Chairman, may I add one point. Nearly all of our film production is done under contract with private sector film producers.

MOTION PICTURE AND TELEVISION CONTRACT WRITERS

Mr. SLACK. Do you have a list of the contract writers for the Motion Picture and Television Service?

Mr. KEOGH. Yes, sir.

Mr. SLACK. Without objection, we shall insert at this point in the record: "Motion Picture and Television Service, List of Writers and Amount Contracted, July 1, 1973-June 30, 1974."

[The list referred to follows:]

MOTION PICTURE AND TELEVISION SERVICE

LIST OF WRITERS AND AMOUNT CONTRACTED

July 1, 1973 - June 30, 1974

<u>Writer</u>	<u>Title</u>	<u>Amount</u>
Aller, Robert	<u>Profile: Emmett Edwards, Ombudsman</u>	\$ 2,486
Dick Young Productions	<u>Profile: Gail Parker</u>	2,550
Frost Productions, Inc.	<u>George Washington Trail Country</u>	2,500
Gemini Films, Inc.	<u>Skylab - Outpost in Space</u>	3,269
Gurian-Sholder Productions, Inc.	<u>Profile: Dr. Ricardo Alegria, Curator of Puerto Rican Culture</u>	2,000
Kieth Merrill Associates, Inc.	<u>The Tiny World</u>	3,316
Parker Film Associates, Inc.	<u>The Team Spirit</u>	2,755
Peter Rosen Productions, Inc.	<u>The Franchise System</u>	2,000
Rashby, Burt	<u>Santa Fe</u>	2,787
Sanders, Terry	<u>Profile: Aaron Copland</u>	2,400
Silvermine Films, Inc.	<u>The American Foundation and World Progress</u>	3,770
T.H.T. Productions, Inc.	<u>Wintertime, USA</u>	3,000
William Greaves Productions, Inc.	<u>The Visitors</u>	2,000
	TOTAL	34,833

INCREASE FOR ACQUISITION OF FILMS

Mr. SLACK. I note on page 17-12 of the justifications there is a requested increase of \$150,800 for acquisitions. Is that all related to Bicentennial films?

Mr. KEOGH. Yes; it is.

INFORMATION CENTER SERVICE

Mr. SLACK. Moving on along to the Information Center Service, would you tell us something about what this Service does.

Mr. KEOGH. The Information Center Service supports information centers and libraries around the world, and provides a great many services and materials to USIS posts—books, periodicals, other publications for use in the Information Centers, reading rooms, and binational centers. There are 128 Information Centers, 24 reading rooms, 112 binational centers. The Information Center Service is designed and equipped to serve the needs of those establishments. It also provides posts with speakers, and works with the Motion Picture and Television Service to produce video tapes for special purposes.

Mr. SLACK. This has been a very worthwhile service, has it not?

Mr. KEOGH. Yes; it certainly is. It is also in charge of our exhibits and other exposition representation that we have developed.

INFORMATION CENTER SERVICE INCREASE

Mr. SLACK. I note there is a considerable increase requested for this area, namely \$1,472,288. Would you tell the committee why you are requesting this increase.

Mr. KEOGH. The increase is to provide \$375,488 for built-in salary and cost increases, \$48,750 for information and cultural support to the new American consulate proposed for Kiev in the Soviet Union, \$45,750 for the new information center in East Berlin where we have just opened our program, \$30,000 for support to a new center to be opened in Alexandria in the Arab Republic of Egypt in 1976, \$20,000 for expansion of the reference collection at USIS in Abu Dhabi in the United Arab Emirates, and \$1 million for five programs supporting the observance of the American Revolution Bicentennial.

SUBSCRIPTIONS

Mr. SLACK. Do you have a list of the magazines and newspaper subscriptions?

Mr. KEOGH. Yes, sir.

Mr. SLACK. Without objection, we shall insert at this point in the record "United States Information Agency, Information Center Service, Recapitulation of Subscriptions in Effect in Fiscal Year 1975."

[The list referred follows:]

UNITED STATES INFORMATION AGENCY

INFORMATION CENTER SERVICE

RECAPITULATION OF SUBSCRIPTIONS IN EFFECT
IN FISCAL YEAR 1975 *FOR INFORMATION CENTERS AND BINATIONAL CENTERS
AND
SUBSCRIPTIONS PURCHASED DURING FISCAL YEAR 1974
FOR PRESENTATION.

NUMBER OF:	MAGAZINE TITLES	1,094
	MAGAZINE SUBSCRIPTIONS	25,022
DISTRIBUTION BY USE:		
	INFORMATION CENTERS	8,340
	BINATIONAL CENTERS	3,848
	PRESENTATIONS	2,834
	TOTAL	25,022
NUMBER OF:	NEWSPAPER TITLES	17
	NEWSPAPER SUBSCRIPTIONS	475
DISTRIBUTION BY USE:		
	INFORMATION CENTERS	423
	BINATIONAL CENTERS	52
	PRESENTATIONS	-
	TOTAL	475
	GRAND TOTAL OF SUBSCRIPTIONS	25,497

* PERIODICAL SUBSCRIPTIONS PLACED FOR MULTIPLE YEARS ARE IDENTIFIED BY TWO DIGITS, THE FIRST TO SHOW SUBSCRIPTION TERM IN YEARS, THE SECOND TO SHOW THE LAST DIGIT OF THE FISCAL YEAR WHEN RENEWAL IS NECESSARY.

PURCHASED PERIODICAL SUBSCRIPTIONS CURRENTLY IN EFFECT FOR USE IN
OVERSEAS U.S. INFORMATION CENTERS, BINATIONAL CENTERS
AND FOR PRESENTATION.

DATE DEC 31 1974

TITLE DESCRIPTION	TERM	INFO	BINAT	PHFS	TOTAL
AAAS SCIENCE BOOKS		5	-	-	5
AAAS SCIENCE BOOKS	26	1			1
A.A.U. NEWS		4	3	1	8
ARC POL SCI (RATE 1)		15	2		17
ARRIDGED READERS GUIDE TO PER. LIT.		11	5		16
ABSTRACTS OF ENGLISH STUDIES		4			4
ACADEMY OF MANAGEMENT JOURNAL		2			2
AFL-CIO AMERICAN FEDERATIONIST		10		2	12
ACM COMMUNICATIONS		1			1
AFL-CIO NEWS		1			1
AFL-CIO FREE TRADE UNION NEWS		3			3
A. I. A. A. JOURNAL		1			1
A 1 CH E JOURNAL				1	1
ACCOUNTING REVIEW		1			1
ADA WORLD		1			1
ADMINISTRATIVE MANAGEMENT		31	2	4	37
ADMINISTRATIVE MANAGEMENT	26	2			2
ADMINISTRATIVE SCIENCE QUARTERLY		9	1	1	11
ADMINISTRATIVE SCIENCE QUARTERLY	26	1			1
ADULESCENCE		2			2
ADULT EDUC		24	6	3	33
ADULT EDUC	26	1			1
ADULT LEADERSHIP		1			1
ADVERTISING AGE		10			10
AERO SPACE MEDICINE	26	1			1
AFRICAN ARTS/ARTS D AFRIQUE		51		3	54
AFRICA REPORT		15		1	16
AFRICA REPORT BY AIR		50		11	61
AFRICA REPORT BY AIR	26	1			1
AFRICA TODAY		30			30
AFRICA TODAY	26	1			1
AFRICAN STUDIES REVIEW		16		2	18
AFTERIMAGE		1			1
AGRICULTURA DE LAS AMERICAS		7	22		29
AGRICULTURAL ENGINEERING		15	2	3	20
AGHONOMY JOURNAL		8		1	9
AIR FORCE MAGAZINE		6	1	1	8
AKHESASNE NOTES		7			7
ALGOL A MAG ABOUT SCIENCE FICTION	38	1	-	-	1
AMERICA		23	2	3	28
AMER AGRI & THE RURAL NEW YORKER				8	8
AMER AIRCRAFT MODELER		1			1
AMER ANTHROPOLOGIST		15	5	8	28
AMER ANTIQUITY		1			1
AMERICAN ARTIST		1			1
AMERICAN ARTIST	26	1			1
AMERICAN ARTIST	38	71	31		102
AMERICAN ART JOURNAL		9			9
AMERICAN ART REVIEW		7			7

Best Available Copy

DATE DEC '31 1974

TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
AMER ASSOC OF UNIV PROFESSORS BULL		2		2	4
AMERICAN BAR ASSOCIATION JOURNAL		20	1	4	25
AMERICAN BEHAVIORAL SCIENTIST		12	1	1	14
AMERICAN BEHAVIORAL SCIENTIST	26	1			1
AMER BIOLOGY TEACHER		2			2
AMER BOOK PUBL RECORD	27	4	1		5
AMER BOOK PUBL RECORD	37	24	3		27
AMER CERAMIC SOCIETY JOUR		1			1
AMER CHEMICAL SOCIETY JOURNAL		17		2	19
AMER CHEMICAL SOCIETY JOURNAL	26	1			1
AMER CINEMATOGRAPHER		24	11	11	46
AMER CINEMATOGRAPHER	26	2			2
AMERICAN CITY		54	6	8	68
AMERICAN CITY	26	2			2
AMER CONCRETE INSTITUTE JOUR		2	1		3
AMER CONCRETE INSTITUTE JOUR	26	1			1
AMER DENTAL ASSOCIATION JOUR		9	2		11
AMER DENTAL ASSOCIATION JOUR	26	1			1
AMER ECONOMIC REV & JNL UF ECO LIT		127	33	36	196
AMER ECONOMIC REV & JNL UF ECO LIT	26	5			5
AMERICAN EDUCATIONAL RESEARCH JOUR		12	4		16
AMERICAN EDUCATIONAL RESEARCH JOUR	26	2			2
AMERICAN FABRICS				1	1
AMERICAN FABRICS	26	3			3
AMERICAN FABRICS	36	15			15
AMERICAN FAMILY PHYSICIAN G/P		1			1
AMER FORESTS		1			1
AMERICAN GIRL				2	2
AMERICAN GIRL	38	4	8		12
AMER HEART JOURNAL		3	1	1	5
AMER HEART JOURNAL	26	1			1
AMER HERITAGE (INC AMERICANA) NEW		8	6	4	18
AMER HERITAGE (INC AMERICANA) NEW	26	5			5
AMER HERITAGE (INC AMERICANA) NEW		136	46	14	196
AMERICAN HISTORICAL REVIEW		69	6	17	92
AMERICAN HISTORICAL REVIEW	26	2			2
AMERICAN HOME				1	3
AMERICAN HOME	37	21	16		37
AMERICAN IMPORT & EXPORT BULLETIN		5			5
AMERICAN INST. OF ARCHITECTS JRL		2			2
AMER INST OF PLANNERS JOURNAL		20	1	1	22
AMER INST OF PLANNERS JOURNAL	26	1			1
AMER JOUR OF ARCHAEOLOGY		4	2	3	9
AMERICAN JOURNAL OF BOTANY		4		1	5
AMERICAN JOURNAL OF BOTANY	26	1			1
AMER JOUR OF COMPARATIVE LAW		27	1	9	37
AMER JOUR OF CURECTION		1			1
AMER JOUR OF DISEASES OF CHILDREN		5			5
AMER JOUR UF ECON & SOCIOLOGY				4	4
AMER JOUR OF ECON & SOCIOLOGY	27	9	4		13
AMER JOUR OF ECON & SOCIOLOGY	37	38	4		42

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
AMER JOL OF INTL LAW		58	8	12	78
AMER JOL OF INTL LAW	26	3			3
AMER JOUR OF MATHEMATICS		6		2	8
AMER JOUR OF MEDICINE		13	4	6	23
AMERICAN JOURNAL OF NURSING	38	20	1		21
AMER JNL OF OBSTETRICS & GYNECOL		7		1	8
AMER JOUR OF OPHTHALMOLOGY		3			3
AM JNL OF ORTHODONTICS & ORAL SURG		2		1	3
AMER JOUR OF PHARMACY		2		1	3
AMER JOUR OF PHILOLOGY		1		3	4
AMERICAN JOURNAL OF PHYSICS		12		2	14
AMER JOUR OF PHYSIOLOGY		1			1
AMER JOUR OF PSYCHIATRY		3			3
AMER JOUR OF PSYCHOLOGY		19	1	1	21
AMER JOUR OF PUB HEALTH ETC		19		2	21
AMER JOUR OF ROENTGEN RAD THERAPY		3			3
AMER JOUR OF SCIENCE		10	3	6	19
AMERICAN JOL OF SOCIOLOGY		50	5	9	64
AMERICAN JOL OF SURGERY		10		5	15
AMER JOUR OF THE MEDICAL SCIENCES				1	1
AMER JOUR OF THE MEDICAL SCIENCES	27		1		1
AMER JOUR OF THE MEDICAL SCIENCES	37	4	3		7
AMER JOUR OF TROP MEDICINE & HYG		12	3		15
AMERICAN LIBRARIES		44	3	2	49
AMER JUR, 2ND, CONTINUATION VOLs,		4	1		5
AMERICAN JUR, 2ND, POCKET PARTS		3	1		4
AMERICAN LITERATURE		92	29	60	181
AMERICAN LITERATURE	26	3			3
AMERICAN MACHINIST		2			2
AMER MATHEMATICAL MONTHLY		5	1	1	7
AMER MATHEMATICAL MONTHLY	26	1			1
AMER MEDICAL ASSOCIATION JOUR				17	17
AMER MEDICAL ASSOCIATION JOUR	27	62	24		86
AMER MUSICOLOGICAL SOC JOUR		1		2	3
AMER NATURALIST			2		2
AMER NOTES AND QUERIES		6			6
AMER OIL CHEMIST SOCIETY JOUR		1			1
AMER OIL CHEMIST SOCIETY JOUR	26	1			1
AMER ORIENTAL SOCIETY JOUR		3			3
AMER PHARMACEUT ASSN JOUR PRACT ED		3		1	4
AMER PHILOSOPHICAL SOC PROCEEDINGS		10			10
AMERICAN POETRY REVIEW		13	2		15
AMER POLITICAL SCIENCE REVIEW		96	14	10	120
AMER POLITICAL SCIENCE REVIEW	26	3			3
AMERICAN POLITICS QUARTERLY			1		1
AMERICAN QUARTERLY		71	12	6	89
AMER RECORD GUIDE		8	2	1	11
AMER REV. OF RESPIRATORY DISEASES		2			2
AMER SCANDINAVIAN REVIEW		3			3
AMERICAN SCHOLAR				16	16
AMERICAN SCHOLAR	26	2			2

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
AMERICAN SCHOLAR	38	81	12		93
AMER SCHOOL BOARD JNL		2			2
AMER SCIENTIST		27	4	2	33
AMER SCIENTIST	26	1			1
AM SOC. OF CIVIL ENGIN PROCEED		1			1
AMERICAN SOCIOLOGIST		4			4
AMER SOC INFORMATION SCIENCE JOUR		14	1		15
AMER SOC INFORMATION SCIENCE JOUR	26	2			2
AMERICAN SOCIOLOGICAL REVIEW		54	4	14	72
AMER STATISTICAL ASSOC JOUR		9			9
AMER STATISTICAL ASSOC JOUR	26	1			1
AMERICAN STUDIES		12	2		14
AMERICAN STUDIES	26	1			1
AMER UNIV. FIELD STAFF REPORTS		3			3
AMER U. FIELD STAFF REP E&SE ASIA			1		1
AMER VETERINARY MEDICAL ASSOC JOUR		3	1		4
AMER VOCATIONAL JOUR		8		1	9
AMER WATER WORKS ASSOC JOUR		1		3	4
AMERICAN WEST, THE		4			4
AMERICAN WEST, THE	26	1			1
AMERICANA		2			2
AMERICAS		1			1
AMERICAS ENGLISH EDITION	36	5	5		10
AMERICAS PORTUGUESE			2		2
AMERICAS PORTUGUESE EDITION	36	3	7		10
AMERICAS SPANISH		2			2
AMERICAS SPANISH EDITION	36	11	53		64
ANALYTICAL CHEMISTRY		4			4
ANALYTICAL CHEMISTRY	26	1			1
ANESTHESIOLOGY		2			2
ANNALS OF DENTISTRY		1			1
ANNALS OF INTERNAL MEDICINE	26	1			1
ANNALS OF OTOLUGY RH & LARYNGOLOGY		1			1
ANNALS OF SURGERY		1			1
ANNALS OF AM ACAD POL & SOC SCI		94	10	19	123
ANNALS OF AM ACAD POL & SOC SCI	26	3			3
ANTHROPOLOGICAL LINGUISTICS				2	2
ANTIQUITY REVIEW		34	6	6	46
APERTURE		3			3
APPLIED SCIENCE & TECHNOLOGY INDEX		22	4		26
ARBITRATION JOURNAL				1	1
ARCHAEOLOGY		13	6	2	21
ARCHITECTURAL DIGEST		1			1
ARCHITECTURAL RECORD		23	1		24
ARCHITECTURAL RECORD	26	1			1
ARCHITECTURE PLUS		112	33	22	167
ARCHITECTURE PLUS	26	2			2
ARCHIVES OF DERMATOLOGY		1			1
ARCHIVES OF ENVIRONMENTAL HEALTH		8			8
ARCHIVES OF INTERNAL MEDICINE		5		1	6
ARCHIVES OF NEUROLOGY	26	1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
ARCHIVES OF OPHTHALMOLOGY		1			1
ARCHIVES OF PHYS. MED & REHAB		1			1
ARIZONA HIGHWAYS		21	13		34
ARIZONA HIGHWAYS	26	1			1
ARMY				1	1
ARMY	38	6	1	1	7
ARI BULLETIN INCL ART JOURNAL		3	1	1	5
ARI DIRECTIONS		27	3	1	31
ARI INDEX		16	1		17
ARTFORUM		75	12	6	93
ARTFORUM	26	1			1
ARI IN AMERICA		12	4	58	74
ARI IN AMERICA	26	15	8		23
ARI IN AMERICA	36	139	79		218
ART NEWS		3		13	16
ART NEWS	26	6	3		9
ART NEWS	36	71	29		100
ART QUARTERLY		4			4
ARTS AND ACTIVITIES		5	3		8
ARTS	27	4	2		6
ARTS	37	61	5		66
ARTS IN SOCIETY		18	2		20
ARTS REPORTING SERVICE		2		2	4
ASIAN STUDENT		6	2		8
ASIAN SURVEY		47	6	5	58
ASSOC FOR COMPUTING MACHINERY JNL		6			6
ASTRONAUTICS & AERONAUTICS		17	1	1	19
ASTRONOMICAL JOURNAL		2			2
ASTROPHYSICAL JOURNAL	26	1			1
ATHLETIC JOURNAL		17	1	2	20
ATLANTIC COMMUNITY QUARTERLY				1	1
ATLANTIC COMMUNITY QUARTERLY	27	2			2
ATLANTIC COMMUNITY QUARTERLY	37	39	8		47
ATLANTIC MONTHLY		6	2	40	46
ATLANTIC MONTHLY	26	10	10		20
ATLANTIC MONTHLY	36	172	61		233
ATLAS WORLD PRESS REVIEW		3			3
AUDIO		4			4
AUDIO VISUAL COMMUNICATIONS		3			3
AUDIO VISUAL COMMUNICATION REVIEW		17	4	2	23
AUDIO VISUAL COMMUNICATION REVIEW	26	1			1
AUDIO VISUAL INSTRUCTION		42	9	4	55
AUDIO VISUAL INSTRUCTION	26	1			1
AUDUBON MAGAZINE		2	1		3
AUTOMATION		7			7
AUTOMATION	26	1			1
AUTOMOTIVE ENGINEERING		4			4
AUTOMOTIVE ENGINEERING	26	1			1
AUTOMOTIVE INDUSTRIES		5		1	6
AUTOMOTIVE INDUSTRIES	26	1			1
AUTOMOTIVE NEWS				1	1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
AV GUIDE		13		6	19
AVALANCHE		1			1
AVIATION WK & SPACE TECH (DOMESTIC)		32	5	9	46
AVIATION WK & SPACE TECH MEDIT		7	2		9
AVIATION WK & SPACE TECH PAN AM		4	1		5
BACTERIOLOGICAL REVIEWS		1			1
BANKERS MAGAZINE		8			8
BANKERS MONTHLY		2			2
BANKING		17	1		18
BARRON'S NATIONAL FINANCIAL WEEKLY		5			5
BEHAVIORAL SCIENCE		4			4
BELL SYSTEM TECHNICAL JOURNAL	26	1			1
BETTER HOMES & GARDENS		54	36		90
BIBLIOGRAPHIC INDEX		6	1		7
BILLBOARD		7		5	12
BILLBOARD	26	1			1
BIOGRAPHY INDEX		29	2		31
BIOGRAPHY&WWS CURRENT WORLD LEADERS		21		1	22
BIOGRAPHY&WWS CURRENT WORLD LEADERS	26	1			1
BIOLOGICAL AND AGRICULTURAL INDEX		3			3
BIUSCIENCE		6	1	1	8
BLACK ENTERPRISE		10			10
BLACK SPORTS		6			6
BLACKWORLD		15			15
BOATING		3	1		4
BOOK REVIEW DIGEST		109	20	4	133
BOOKLIST /THE/		25	3	1	29
BOOKLIST /THE/	26	1			1
BOOKS ABROAD		3			3
BOYS LIFE				6	6
BOYS LIFE	38	24	15		39
BROADCASTING				25	25
BROADCASTING		27	5	1	6
BROADCASTING	37	27	2		29
BROADCASTING W YEARBOOK		7			7
BROOKINGS PAPERS ON ECUN ACTIVITY		24	3	1	28
BROOKINGS RESEARCH REPORT SERIES		1			1
BUILDING SYSTEMS DESIGN		5		2	7
BULLETIN OF BIBLIOGRAPHY		8			8
BULLETIN OF BIBLIOGRAPHY	26	1			1
BULLETIN ON NARCOTICS		3			3
BULLETIN OF THE ATOMIC SCIENTIST		54	4	6	64
BUS & SOCIETY REV - INNOVATION		8			8
BUSINESS FARMING				4	4
BUSINESS HORIZONS		11		1	12
BUSINESS INTERNATIONAL		4			4
BUSINESS PERIODICALS INDEX		22	4		26
BUSINFSS TODAY		9			9
BUSINFSS WEEK (DOMESTIC & ALL UTHEKS		84	20	10	114
BUSINFSS WEEK (DOMESTIC & ALL UTHEKS	26	2			2
BUSINESS WEEK AIR EUR & MEX		10	4	3	17

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
BUSINESS WEEK AIR EUR & MEX	26	1			1
BUSINESS WEEK AIR BR COLUMBIA & VEN			10		10
BUSINESS WEEK AIR MIDDLE EAST		1			1
CA MAGAZINE		4			4
CALIFORNIA MANAGEMENT REVIEW		2			2
CAMERA 35		4			4
CANCER		1			1
CANCER RESEARCH		2			2
CANCER RESEARCH	26	1			1
CAK AND DRIVER		3		1	4
CATALYST FOR ENVIRONMENTAL QUALITY		10	2	1	13
CATALYST FOR ENVIRONMENTAL QUALITY	26	1			1
CENTRE MAGAZINE		31	2		33
CENTRE MAGAZINE	26	1			1
CEMAMIC INDUSTRY		3	2		5
CEMAMICS MONTHLY		1			1
CEHEAL CHEMISTRY		1			1
CHALLENGE - THE MAG OF ECO AFFAIRS		24	2	1	27
CHALLFNGE - THE MAG OF ECO AFFAIRS	26	2			2
CHANGE MAGAZINE		17	1		18
CHANGING TIMES		9	2		11
CHCKLIST OF CONGRESSIONAL HEARINGS		8			8
CHLSFA		2	1	1	3
CHEMICAL AND ENGINEERING NEWS		5	1		7
CHEMICAL AND ENGINEERING NEWS	26	1			1
CHEMICAL ENGINEERING		25	2	1	28
CHEMICAL ENGINEERING PROGRESS		26	1		1
CHEMICAL MARKETING REPORTER		1			1
CHEMICAL TITLES		1			1
CHEMICAL TITLES	26	1			1
CHEMICAL WEEK		2		1	3
CHEMISTRY MAGAZINE		10			10
CHEMISTRY MAGAZINE	26	1			1
CHESS REVIEW		1			1
CHEST		1			1
CHICAGO REVIEW		14	1		15
CHILD DEVELOPMENT ABSTRACTS & BIB		2			2
CHILD DEVELOPMENT		9	4	1	14
CHILD LIFE		2		2	4
CHILD WELFARE		7			7
CHILDHOOD EDUCATION		10	2	1	13
CHILDHOOD EDUCATION	26	1			1
CHUICE; A MAG OF POETRY & PHOTOS		7			7
CHUICE		62	5	2	69
CHUICE	26	3			3
CHRISTIAN CENTURY	38	39	4		43
CHRISTIAN HERALD		2			2
CHRISTIANITY & CRISIS		11			11
CHRISTIANITY TODAY		10			10
CHRONICLE OF HIGHER EDUCATION		5			5
CINEMA TV DIGEST (C.T.V.B.)		1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
CIRCULATION		1			1
CIVIL ENGINEERING		37	8	4	49
CIVIL LIBERTIES JOURNAL		2			2
CLEARING HOUSE		10	2	3	15
CLINICAL PHAR & THERAPEUTICS		1			1
COACH & ATHLETE		3		3	6
COLLEGE & RESEARCH LIBRARIES		13	2	6	21
COLLEGE & RESEARCH LIBRARIES	26	2			2
COLLEGE & UNIVERSITY		12	1	6	19
COLLEGE ENGLISH		24	10	24	58
COLUMBIA FORUM		11	1		12
COLUMBIA JOURNAL OF WORLD BUSINESS				2	2
COLUMBIA JOURNAL OF WORLD BUSINESS	27	8	4		12
COLUMBIA JOURNAL OF WORLD BUSINESS	37	32	1		33
COLUMBIA JOURNALISM REVIEW		63	3	19	85
COLUMBIA JOURNALISM REVIEW	26	3			3
COLUMBIA JNL OF LAW & SOCIAL PROB		8			8
COLUMBIA LAW REVIEW		7		2	9
COMMENTARY		58	3	6	67
COMMERCE		1		1	2
COMMODITY TRADE STATISTICS		4			4
COMMONWEAL		36	4		40
COMPARATIVE EDUCATIONAL REVIEW		21	1	7	29
COMPARATIVE LITERATURE		14	2	3	19
COMPARATIVE LITERATURE STUDIES		2			2
COMPARATIVE POLITICAL STUDIES		3			3
COMPARATIVE POLITICS		7	1		8
COMPUTERS & PEOPLE & DIRECTORY		31	4	2	37
COMPUTERS & PEOPLE & DIRECTORY	26	1			1
COMPUTERS & THE HUMANITIES		8			8
COMPUTER WORLD		4			4
CONGRESSIONAL DIGEST				8	8
CONGRESSIONAL DIGEST	27	6	1		7
CONGRESSIONAL DIGEST	37	65	4		69
CONGRESSIONAL INDEX		1			1
CONGRESSIONAL Q SERV W/IND & ALM		44	4		48
CONGRESSIONAL RECORD FICHE IND/GUE		6			6
CONRADIANA				1	1
CONSERVATIONIST, THE		1			1
CONSERVATIONIST, THE	26	1			1
CONSTRUCTION METHODS & EQUIP		6	2	2	10
CONSUMER RESEARCH MAGAZINE		1			1
CONSUMER REPORTS		5	2		7
CONSUMER REPORTS	26	3	1		4
CONSUMER REPORTS	36	49	12		61
CONTEMPORARY DRUG PROBLEMS			1		1
CONTEMPORARY LITERATURE		8	2		10
CONTEMPORARY PSYCHOLOGY		8	4	2	14
CONTROL ENGINEERING		2		2	4
CONTROL ENGINEERING	26	1			1
CORNELL HOTEL & RESTAURANT ADMIN Q.		1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
COUNTRY MUSIC		1			1
COUNTY NEWS		1			1
CRAFT HORIZONS		32	10	2	44
CRIME AND DELINQUENCY		5	1		6
CRISIS		9	1	1	11
CRITIC, THE		1			1
CRITICAL REV IN ENVIRONMENTAL CONTR		7			7
CRITICISM		10	1		11
CRUP SCIENCE		15	1	1	1
GRUPS AND SOILS		15	1	3	19
CRUPS AND SOILS	26	1			1
CRITIQUE		6			6
CUE		1			1
CUMULATIVE BOOK INDEX		77	15	3	95
CURRENT		12			12
CURRENT ANTHROPOLOGY		6			6
CURRENT BIOGRAPHY - MONTHLY SERVICE		90	6		96
CURRENT BIOGRAPHY - YEARBOOK		136	24		160
CURRENT CONTENTS OF LIFE SCIENCES		1			1
CURRENT CONTENTS SOC & BEHAV SCI.		14	1		15
CURRENT DIGEST OF THE SOVIET PRESS		6	1		7
CURRENT HISTORY		126	19	25	170
CURRENT HISTORY	26	4			4
CURRENT INDEX TO JOURNALS IN EDUC.		4		1	5
CURRENT PROGRAMS - COMPLETE SERV.		2			2
CUSTOM HOUSE GUIDE		4			4
DAEDALUS				13	13
DAEDALUS	26	2			2
DAEDALUS	38	110	15		125
DAILY IND & GDE TO CONGRESS REC		1			1
DANCE MAGAZINE				13	13
DANCE MAGAZINE	26	1			1
DANCE MAGAZINE	38	79	26		105
DANCE PERSPECTIVES		12	1		13
DANCE SOCIETY NEWSLETTER		1			1
DATA MANAGEMENT		13	1	2	16
DATA MANAGEMENT	26	1			1
DATA MATION		9			9
DATA PROCESSING DIGEST		1			1
DEMOGRAPHY		2			2
DESIGN INDIANA		9	1		10
DESIGN & ENVIRONMENT		18	1		19
DESIGN & ENVIRONMENT		1			1
DESIGN QUARTERLY	26	41	4	2	47
DIUGENES		1			1
DIUGENES, FRENCH		2			2
DIUGENES - SPANISH EDITION			1		1
DIR OF PUR PROG SER-SOC SCI & HUMAN		1			1
DISEASES OF THE NERVOUS SYSTEM		1			1
DISSENT		26	5		33
DISSERTATION ABSTRACTS W/INDEX AND		7	1	1	9

TITLE DESCRIPTION	TERM	DATE DEC 31 1974			
		INFO	BINAT	PRES	TOTAL
DONN REAT			40	40	
DONN REAT	27	6	3	9	
DONN REAT	37	107	34	141	
DRAMATICS		1		1	
DUNS REVIEW & MODERN INDUSTRY		18	2	1	
EARLY AMERICAN LIFE		2		2	
EBUNY			9	9	
EBUNY	27	6	1	7	
EBUNY	37	135	25	160	
ECOLOGY		10	10	20	
ECOLOGY	26	1		1	
ECOLOGY LAW QUARTERLY		2		2	
ECUNOMETRICA		14	1	15	
ECONOMIC DEVELOP & CULTURAL CHANGE		60	7	67	
ECONOMIC DEVELOP & CULTURAL CHANGE	26	2		2	
ECONOMIC GEOGRAPHY		20	1	21	
ECONOMIC GEOGRAPHY	26	1		1	
ECONOMIC PRIORITIES REPORT		1		1	
ECONOMICS SELECTION		2		2	
EDCENTRIC		7	1	8	
EDITOR & PUBLISHER		18	1	19	
EDITOR & PUBLISHER	26	1		1	
EDITOR & PUBLISHER WITH YEARBOOK		19	1	22	
EDITOR & PUBLISHER WITH YEARBOOK	26	1		1	
EDITORIAL RESEARCH REPORTS —		4		4	
EDITORIALS ON FILE		2		2	
EDUCATION IN URBAN SOCIETY			1	1	
EDUCATION DIGEST		1		12	
EDUCATION DIGEST	26	3		9	
EDUCATION DIGEST	38	89	28	117	
EDUCATION INDEX		27	4	31	
EDUCATIONAL ABSTRACTS		5		6	
EDUCATIONAL & INDUSTRIAL TV				1	
EDUC. & PSYCHOLOGICAL MEASUREMENT		3	1	4	
EDUCATIONAL BROADCASTING		4		4	
EDUCATIONAL BROADCASTING	26	2		2	
EDUCATIONAL DOCUMENTATION & INFO.			1	1	
EDUCATIONAL LEADERSHIP		18	2	10	
EDUCATIONAL PRODUCT REPORT		2		2	
EDUCATIONAL RECORD		22	2	1	
EDUCATIONAL STUDIES			3	3	
EDUCATIONAL TECHNOLOGY		2		3	
EDUCATIONAL THEATRE JOURNAL			3	3	
EDUCATIONAL THEATRE JOURNAL	27	4	1	5	
EDUCATIONAL THEATRE JOURNAL	37	38	9	47	
EDUCATIONAL THEORY		5		5	
EDUC TRAINING OF MENTALLY RETARDED				2	
ELECTRICAL WORLD		8		9	
ELECTRICAL WORLD	26	1		1	
ELECTRONIC TECHNICIAN		1		1	
ELLCTRONICS		24	4	28	

TITLE DESCRIPTION	TERM	INFO	DATE DEC 31 1974		
			BINAT	PRES	TOTAL
ELECTRONICS	26	1			1
ELEMENTARY ENGLISH		15	8		23
ELEMENTARY ENGLISH	26	2			2
ELEMENTARY SCHOOL JOURNAL		9		4	13
ELEMENTARY SCHOOL JOURNAL	26	1			1
ENCORE		4			4
ENCOUNTER/BRITISH/	27		4	2	33
ENDOCRINOLOGY		1			1
ENERGY POLICY		7			7
ENGINEERING & MINING JOURNAL		12	5		17
ENGINEERING & MINING JOURNAL	26	1			1
ENGINEERING ECONOMIST		1	1		2
ENGINEERING NEWS RECORD				1	1
ENGINEERING NEWS RECORD	27	4			4
ENGINEERING NEWS RECORD	37	14	4		18
ENGLISH JOURNAL		18	13	2	33
ENGLISH LANGUAGE NOTES		7			7
ENGLISH LANGUAGE TEACHING		9	17		26
ENGLISH LANGUAGE TEACHING	26	2			2
ENVIRONMENT		68	14	8	90
ENVIRONMENT	26	4			4
ENVIRONMENT & BEHAVIOR		3			3
ENVIRONMENT INFORMATION ACCESS		3			3
ENVIRONMENT INFORMATION ACCESS	26	1			1
ENVIRONMENT MONTHLY		3			3
ENVIRONMENTAL SCIENCE & TECHNOLOGY		28	3	11	42
ENVIRONMENTAL SCIENCE & TECHNOLOGY	26	2			2
EQUILIBRIUM		1			1
ESQUIRE		96	41		137
ESQUIRE	26	1			1
ESSAY & GENERAL LITERATURE INDEX		25	1		26
ESSENCE		15	1	1	17
ETC		8			8
ETHICS		7		1	8
ETHNOMUSICOLOGY		1		1	2
E. T. V. NEWSLETTER		2			2
EXCEPTIONAL CHILDREN		9			9
EXCHANGE		3			3
EXPLICATOR				1	1
EY EAR NOSE & THROAT MONTHLY		1	1		2
FACTORY		11			11
FACTS ON FILE		101	10	1	112
FACTS ON FILE	26	3			3
FACTS ON FILE YEARBOOK		29	2		31
FAMILY HANDYMAN	26	1			1
FAIR CHEMICALS		1			1
FAIR JOURNAL		20	2		22
FAIRERS DIGEST				4	4
FIELD & STREAM	27	3	3		6
FIELD & STREAM	37	19	6		25
FILM COMMENT		12	1		13

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
FILM CULTURE		21			21
FILM HERITAGE		1			1
FILM LIBRARY QUARTERLY		4			4
FILM LITERATURE QUARTERLY		1			1
FILM NEWS		10	4		14
FILM QUARTERLY		69	12	17	98
FILM QUARTERLY	26	2			2
FILMFACTS		3			3
FILMMAKER'S NEWSLETTER		9			9
FILMS IN REVIEW		28	6	20	54
FINANCE		7			7
FINANCIAL ANALYSTS JOURNAL		2			2
FINANCIAL EXECUTIVE		1			1
FINANCIAL WORLD		6			6
FLYING				3	3
FLYING	38	39	15		.54
FOCUS AMER GEOGRAPHICAL SOC		12	2		14
FOOD ENGINEERING		7			7
FOOD TECHNOLOGY		13			13
FORBES		12	2		14
FORECAST FOR HOME ECONOMICS		3			3
FOREIGN AFFAIRS		1		215	216
FOREIGN AFFAIRS	27	6	6		12
FOREIGN AFFAIRS	37	182	58		240
FOREIGN POLICY MAGAZINE		73	3	23	99
FOREIGN POLICY MAGAZINE	26	1			1
FORTHCOMING BOOKS		31			31
FORTHCOMING BOOKS	26	1			1
FORTUNE		135	51	33	219
FORTUNE	26	4			4
FOUNDATION NEWS		1			1
FREE LABOR WORLD - ENGLISH ED.		3			3
FREE LABOR WORLD - FRENCH ED.		8			8
FREE LABOR WORLD, SPANISH EDITION		2	2		4
FREEDOMWAYS		6			6
FREEMAN		7			7
FRENCH REVIEW		1			1
FRONTIER TIMES	26	1			1
FURNITURE FORUM		1			1
FUTURIST				2	2
FUTURIST	27	9	5		14
FUTURIST	37	41	2		43
GENERAL LINGUISTICS		2	1	1	4
GEUGRAPHICAL REVIEW		13	1		14
GIRL SCOUT LEADER		1	1	1	3
GLAMOUR		5	2		7
GLOBAL DIALOGUE		2			2
GOOD HOUSEKEEPING		50	25	1	76
GRAPHIC ARTS M& PRINTING INDUSTRY		14	2	1	17
GRAPHIC ARTS M& PRINTING INDUSTRY	26	1			1
GRAPHICS		2	1		3

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
GUARDIAN, THE		3			3
HACIENDA LA		5	12		17
HAMPERS BAZAAR		25	10		35
HAMPERS MAGAZINE		19	8	26	53
HAMPERS MAGAZINE	26	4			4
HARPER'S MAGAZINE	36	158	59		217
HARVARD BUSINESS REVIEW				14	14
HARVARD BUSINESS REVIEW	26	3			3
HARVARD BUSINESS REVIEW	38	105	15		120
HARVARD EDUCATIONAL REVIEW		50	6	4	60
HARVARD EDUCATIONAL REVIEW	26	2			2
HARVARD JOUR OF ASIATIC STUDIES		10	1	1	12
HARVARD LAMPOON		3			3
HARVARD LAW REVIEW		45	3	14	62
HARVARD LAW REVIEW	26	1			1
HARVARD LIBRARY BULLETIN		4			4
HEADLINE SERIES				1	1
HEADLINE SERIES	38	45	5		50
HIGH FIDELITY/MUSICAL AMERICA		9	5	36	50
HIGH FIDELITY/MUSICAL AMERICA	26	6	9		15
HIGH FIDELITY/MUSICAL AMERICA	36	97	39		136
HIGHLIGHTS FOR CHILDREN	38	2	7		9
HISPANIA		2			2
HISPANIC AMERICAN HISTORICAL REVIEW		8	7		15
HISPANIC REVIEW		2	2		4
HISTORIAN		7	1		8
HIST & THEO STUD PHIL HIST & HIST		1			1
HOLIDAY				4	4
HOLIDAY	27	12	11		23
HOLIDAY	37	58	33		91
HORIZON NEW		4	1		5
HORIZON NEW	26	1			1
HORIZON RENEWAL		4		3	7
HORIZON RENEWAL	26	90	47		137
HOSPITALS		4			4
HOSPITALS	26	1			1
HOTEL MANAGEMENT REV. & INNKEEPING		6	1	3	10
HOTEL & MOTEL MANAGEMENT	26	2			2
HOUSE & GARDENS		28	9		37
HOUSE & HOME		14	1		15
HOUSE BEAUTIFUL		34	13	1	48
HUISON REVIEW		40	7	1	48
HUMAN EVENTS		9	1		10
HUMAN ORGANIZATION		8	1	2	11
HUMAN RELATIONS		7			7
HUMAN RESOURCE MANAGEMENT		3			3
HUMANITIES INDEX		49		7	56
HUNTINGTON LIBRARY QUARTERLY		1			1
HYDRAULICS AND PNEUMATICS		2			2
HYDROCARBON & PET REFINING		2			2
HYDROCARBON & PET REFINING	26	1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
I. E. E. E. PROCEEDINGS		4			4
IELE SPECTRUM		1			1
IELE TRANS ON SYS SCIENCES & CYB		1			1
IMPACT OF SCIENCE ON SOCIETY		5	1		6
IMPROVING COLLEGE & UNIV TEACHING		7	1		8
INDEX TO LEGAL PERIODICALS		3			3
INDONESIA			2	3	5
INDUSTRIAL & LABOR RELATIONS REV		23		4	27
INDUSTRIAL DESIGN		24	1	1	26
INDUSTRIAL DESIGN	26	2			2
INDUSTRIAL EDUCATION				1	1
INDUSTRIAL EDUCATION	38	16	2		18
INDUSTRIAL RELATIONS U DE CAL BERK		9			9
INFANTRY MAGAZINE				1	1
INFORMATION/NEWS SOURCES PROFILES		2	1		3
INFO PART 2 REPORTS BIBLIO		4	1		5
INFORMATION SCIENCE ABSTRACTS		5	2		7
INFOSYS&EMS		3			3
INFORMATION STURAGE & RETRIEVAL		1			1
INSTRUCTOR		49	7	5	61
INTEGRATED EDUCATION		1			1
INTELLECT (ED & SOC AFFAIRS)		32	4	1	37
INTER-AMERICAN ECONOMIC AFFAIRS		6	9		15
INTER - AMER REVIEW OF BIBLIOGRAPHY		1			1
INTERCOM		15	1		16
INTERIOR DESIGN		1			1
INTERIORS				1	1
INTERIORS	27	4	3		7
INTERIORS	37	59	11		70
INTERNATIONAL DEVELOPMENT REVIEW		39	5	1	45
INTERNATIONAL DEVELOPMENT REVIEW	26	1			1
INTERNATIONAL ECONOMIC REVIEW		4			4
INTERNATIONAL FINANCIAL STATISTICS		13	1	1	15
INTL JNL OF AFRICAN HIST. STUDIES		1		3	4
INT JOUR OF AMERICAN LINGUISTICS				2	2
INTL JNL OF MIDDLE EAST STUDIES		1			1
INTERNATIONAL LABORATORY		1			1
INTERNATIONAL LABOR REVIEW, FRENCH		12			12
INTERNATIONAL LABOR REVIEW		16			16
INTERNATIONAL LABOR REVIEW, SPANISH		7	3		10
INTERNATIONAL LEGAL MATERIALS		4		2	6
INTERNATIONAL MANAGEMENT		25	2	1	28
INTERNATIONAL MANAGEMENT	26	1			1
INTERNATIONAL MANAGEMENT SPANISH		7	5		12
INTERNATIONAL MIGRATION REVIEW		1			1
INTERNAT MONETARY FUND STAFF PAPERS		17	3		20
INTERNATIONAL ORGANIZATION		30	4	2	36
INTERNATIONAL ORGANIZATION	26	2			2
INTERNATIONAL SOCIAL SCIENCE JNL			1		1
INTERNATIONAL STUDIES		4			4
INTERNATIONAL WILDLIFE		1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
IPW INTERNAT PHILOSOPHICAL QUARTERLY		6			6
IRANIAN STUDIES		1			1
IRON AGE		1			1
IRON & STEEL ENGINEER		2		1	3
ISSUES IN CRIMINOLOGY		2			2
ISIS HISTORY OF SCIENCE SOCIETY		3			3
JACK & JILL			3		3
JEI		9			9
JNL FOR THE SCIENT STUDY OF RELIGION		6			6
JGE/JOURNAL OF GENERAL EDUCATION		1			1
JOURNAL OF ACCOUNTANCY	38	11	1		12
JOURNAL OF ADVERTISING RESEARCH		1			1
JOUR OF AESTHETICS & ART CRITICISM		6		2	8
JNL OF AGING & HUMAN DEVELOPMENT		7			7
JOUR OF AGRICULTURAL FOOD CHEMISTRY		5		1	6
JOURNAL OF AIR LAW & COMMERCE				1	1
JOL OF AMERICAN FOLKLORE-SUPP INCL.		5	1	3	9
JOURNAL OF AMERICAN STUDIES	26	1			1
JOURNAL OF AMERICAN HISTORY		45	2	2	49
JOURNAL OF AMERICAN HISTORY	26	2			2
JNL OF AMERICAN INDIAN EDUCATION		2			2
JOURNAL OF AMERICAN STUDIES		31	12	2	45
JOURNAL OF ANIMAL SCIENCE		6		1	7
JOURNAL OF ANIMAL SCIENCE	26	1			1
JOURNAL OF APPLIED PHYSICS		4			5
JOURNAL OF APPLIED PSYCHOLOGY		12	1		13
JOL OF ASIAN STUDIES		38	5	4	47
JOURNAL OF BACTERIOLOGY		1			1
JOURNAL OF BIBLICAL LITERATURE				1	1
JOURNAL OF BIOLOGICAL CHEMISTRY		2			2
JOURNAL OF BIOLOGICAL CHEMISTRY	26	1			1
JOURNAL OF BLACK STUDIES		4			4
JOURNAL OF BONE AND JOINT SURGERY		1			1
JOURNAL OF BROADCASTING		6			6
JOURNAL OF BROADCASTING	26	1			1
JOUR OF BUSINESS OF THE U OF CHIC		6			6
JOURNAL OF CHEMICAL EDUCATION		3		1	4
JOURNAL OF CHEMICAL EDUCATION	26	1			1
JO OF CLINICAL ENDOCRIN & METABOLISM		1			1
JOURNAL OF CLINICAL INVESTIGATION		1			1
JOURNAL OF COMMODITY TRADING				1	1
JOURNAL OF COMMUNICATION		9			9
JOURNAL OF CONFLICT RESOLUTION		30	4	2	36
JOURNAL OF CONFLICT RESOLUTION	26	1			1
JNL OF CONSUMER AFFAIRS		3			3
JOUR OF COUNSELING PSYCHOLOGY		2			2
JOURNAL OF CREATIVE BEHAVIOR		3			3
JNL OF CRIM LAW, CRIMINOLOGY		4	2	1	7
JOURNAL OF DEVELOPING AREAS		33	4	3	40
JOURNAL OF DEVELOPING AREAS	26	1			1
JOURNAL OF DRUG ISSUES			1		1

TITLE DESCRIPTION	TERM	INFO	W/NAT	PRES	DATE DEC 31 1974 TOTAL
JOURNAL OF ECONOMIC HISTORY	16	1	2		19
JOURNAL OF ECONOMIC ISSUES	8				8
JOURNAL OF ECUMENICAL STUDIES	7				7
JNL OF EDUC FOR LIBRARIANSHIP	1	2	2		5
JOURNAL OF EDUCATIONAL PSYCHOLOGY	33	3	1		37
JOURNAL OF EDUCATIONAL RESEARCH	4		3		7
JOURN OF ENG & GERMANIC PHILOLOGY			2		2
JOURNAL OF ENGLISH LINGUISTICS		3	1		4
JOURNAL OF ENVIRONMENTAL EDUCATION	2				2
JOURNAL OF ENVIRONMENTAL EDUCATION	26	1			1
JOURNAL OF ENVIRONMENTAL SCIENCES	5				5
JOURNAL OF ENVIRONMENTAL SCIENCES	26	2			2
JOUR OF EXPERIMENTAL EDUCATION	7				7
JOURNAL OF FINANCE	21	1	3		25
JNL OF FINANCIAL & QUANT ANALYSIS	1				1
JOURNAL OF FOOD SCIENCE	1				1
JOURNAL OF FORESTRY	5				5
JOURNAL OF GENERAL EDUCATION	1				1
JOURNAL OF GENERAL PSYCHOLOGY	8	2			10
JOURNAL OF GEOGRAPHY	2	1			3
JOURNAL OF GEOLOGY	6	1	2		9
JOURNAL OF GEOLGY	26	1			1
JOURNAL OF GEOPHYSICAL RESEARCH	26	1			1
JOURNAL OF GERONTOLOGY	1				1
JOUR OF HEALTH PHYS ED & RECREATION	10	1			11
JOURNAL OF HIGHER EDUCATION	40	4	17		61
JOURNAL OF HIGHER EDUCATION	26	2			2
JOL OF HOME ECONOMICS	4				4
JOURNAL OF HOUSING	11	1			12
JOURNAL OF HOUSING	26	1			1
JOURNAL OF HUMAN RELATIONS	1				1
JOURNAL OF HUMAN RESOURCE	15	1	1		17
JOURNAL OF INFECTIOUS DISEASES	26	1			1
JOURNAL OF INTER-AMERICAN STUDIES	7		13		20
JNL OF INTERDISCIPLINARY HISTORY	7				7
JOURNAL OF INTERNATIONAL AFFAIRS	35	3	4		42
JOURNAL OF INTERNATIONAL AFFAIRS	26	1			1
JNL OF LAB & CLINICAL MEDICINE	26	1			1
JOURNAL OF LAW & ECONOMICS	7				7
JOUR OF LIBRARY AUTOMATION	3	1			4
JOUR OF LIBRARY AUTOMATION	26	1			1
JOURNAL OF LINGUISTICS	4				4
JOURNAL OF MARKETING	35	2			37
JOURNAL OF MARKETING RESEARCH	4				4
JOURNAL OF METALS	3				3
JOURNAL OF MODERN HISTORY	16			3	19
JOURNAL OF MODERN LITERATURE	7	2			9
JOURNAL OF NEAR EASTERN STUDIES	5				5
JOURNAL OF NEAR EASTERN STUDIES	26	1			1
JOURNAL OF NEGRO EDUCATION	14				14
JOURNAL OF NEGRO EDUCATION	26	1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
JOURNAL OF NEGRO HISTORY		36	1	3	40
JOURNAL OF NEUROSURGERY		1	-	-	1
JOURNAL OF NUTRITION		7		1	8
JOURNAL OF ORGANIC CHEMISTRY		2			2
JOURNAL OF PEDIATRICS		7		1	8
JNL OF PERSONALITY & SOCIAL PSY		3			3
JOURNAL OF PETROLEUM TECHNOLOGY		5	1		6
JOUR. OF PHARMACEUTICAL SCIENCES		1			1
JOURNAL OF PHILOSOPHY		13		2	15
JOURNAL OF PHYSICAL CHEMISTRY		2		1	3
JOURNAL OF PHYSICAL OCEANOGRAPHY		1			1
JOUR. OF POLITICAL ECONOMY				5	5
JOURNAL OF POLITICAL ECONOMY	27	3			3
JOURNAL OF POLITICAL ECONOMY	37	44	4		48
JOURNAL OF POLITICS		24	2	3	29
JOUR OF POPULAR CULTURE		14	2		16
JOURNAL OF REGIONAL SCIENCE		8	1		9
JOURNAL OF RELIGION		3			3
JNL RESEARCH & DEVEL IN EDUCATION		7			7
JOURNAL OF RETAILING		1			1
JOURNAL OF SCHOOL HEALTH		1			1
JOURNAL OF SEDIMENTARY PETROLOGY				1	1
JOURNAL OF SOCIAL HISTORY		7	1		8
JOURNAL OF SOCIAL ISSUES		9	1	1	11
JOURNAL OF SOCIAL PSYCHOLOGY		1	1	2	4
JOURNAL OF SOCIAL PSYCHOLOGY	26	1			1
JR. SCHOLASTIC STUDENTS EDITION			1		1
JRL OF SOIL AND WATER CONSERVATION		11	1		12
JRL OF SOIL AND WATER CONSERVATION	26	1			1
JOURNAL OF SPACECRAFT AND ROCKETS		1			1
JOURNAL OF SPACECRAFT AND ROCKETS	26	1			1
JOURNAL OF TEACHER EDUCATION		24	5	5	30
JOURNAL OF TEACHER EDUCATION	26	1			1
JOURNAL OF AMERICAN DIETETIC ASSN		1			1
JOURNAL OF THE HISTORY OF IDEAS		16	1	2	19
JRL OF THO & CARDIOVASCULAR SURG		1			1
JOURNAL OF UROLOGY		2			2
JOURNAL OF UROLOGY	26	1			1
JOUR VERBAL LEARNING...		1			1
JOURNALISM QUARTERLY		56	3	19	78
JOURNALISM QUARTERLY	26	2			2
JUDAISM		6	1		7
JR. SCHOLASTIC - TEACHERS EDITION		2			2
KYBERNETIK		1			1
KIPLINGER WASHINGTON LETTER		4			4
LABOR LAW JOURNAL		3		1	4
LADIES HOME JOURNAL		28	10	1	39
LAND ECONOMICS		7	2	2	11
LANDSCAPE ARCHITECTURE		21	2	2	25
LANGUAGE		12	7	21	40
LANGUAGE & LANG BEHAVIOR ABSTR			1	2	3

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
LANGUAGE LEARNING		40	44	33	117
LANGUAGE LEARNING	26	1			1
LANGUAGE SCIENCE		1			1
LANGUAGE TEACHING ABSTRACTS		1			1
LARYNGOSCOPE		1			1
LATIN AMERICA RESEARCH REVIEW		5	6		11
LAW & CONTEMPORARY PROBLEMS		21	2	9	32
LAW & CONTEMPORARY PROBLEMS	26	1			1
LAW & SOCIETY REVIEW		1			1
LEARNING MAG FOR CREATIVE TEACH		1	1		2
LEARNING TODAY		1			1
LIBERAL EDUCATION		12	1	2	15
LIBERIAN STUDIES JOURNAL		1			1
LIBERATION		3			3
LIBRARY JOURNAL				10	10
LIBRARY JOURNAL	26	12	4		16
LIBRARY JOURNAL	37	98	17		115
LIBRARY LITERATURE		7	1	1	9
LIBRARY QUARTERLY		10			10
LIBRARY RESOURCES & TECH SERVICES		1		1	2
LIBRARY TRENDS		27	4	2	33
LIBRARY TRENDS	26	2			2
LINGUISTIC INQUIRY				6	6
LINGUISTIC REPORTER		5	7	1	13
LITERATURE & PSYCHOLOGY		3			3
LUSO-BRAZILIAN REVIEW		2	1		3
MCCALLS MAGAZINE		32	18		50
MCCALLS MAGAZINE	26	1			1
MACHINE DESIGN		8			8
MACHINERY		1			1
MADEMOISELLE		12	11		23
MANAGEMENT ADVISER		3			3
MANAGEMENT REVIEW		55	1	2	58
MANAGEMENT REVIEW	26	3			3
MANAGEMENT SCIENCE		1			1
MANAGEMENT SCIENCE	26	1			1
MARINE ENGINEERING LOG		5			5
MARINE TECHNOLOGY SOCIETY JNL		1			1
MASSACHUSETTS REVIEW		11	3		14
MASS TRANSIT		2			2
MATERIAL HANDLING ENGINEERING		1		1	2
MATHEMATICS TEACHER		7			7
MATHEMATICS TEACHER	26	1			1
MBA (MASTERS IN BUSINESS ADMIN)		1			1
MECHANICAL ENGINEERING		30	7	3	40
MECHANIX ILLUSTRATED	26	1			1
MECHANIX ILLUSTRATED	38	13			13
MEVIA & METHODS		22	3		25
MEVIA & METHODS	26	1			1
MEVIA INDUSTRY-NEWSLETTER		6			6
MEVICAL CLINICS OF NORTH AMERICA CL		11			11

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
MEDICAL CLINICS OF NORTH AMERICA CL	26	1			1
METAL FINISHING		1			1
METAL PROGRESS		1	1		2
METROPOLITAN MUSEUM OF ART BULL.	19	1	12		32
MH (MENTAL HYGIENE)		7	1		8
MICHIGAN LAW REVIEW			1		1
MICHIGAN QUARTERLY REVIEW		7	2		9
MICROFORM REVIEW JNL		9			9
MICROFORM REVIEW JNL	26	2			2
MID-AMERICA		1			1
MIDDLE EAST JOURNAL			3		3
MIDDLE EAST JOURNAL	27	2	1		3
MIDDLE EAST JOURNAL	37	35	3		38
MIDWEST JNL OF POLITICAL SCIENCE		1			1
MILITARY AFFAIRS		3	2	1	6
MILITARY REVIEW		13		6	19
MILITARY REVIEW SPAN.			3		3
MINING ENGINEERING		2	2	1	5
MODERN AGE		25	3	3	31
MODERN DRAMA		28	7	20	55
MODERN FICTION STUDIES		33	5		38
MODERN HOSPITAL		1			1
MODERN LANGUAGE JOURNAL		18	21	11	50
MODERN LANGUAGE NOTES				3	3
MODERN LANGUAGE QUARTERLY		2			2
MODERN MEDICINE		2	1		3
MODERN MEDICINE	26	1			1
MODERN PACKAGING		10			10
MODERN PHILOLOGY				2	2
MODERN PHOTOGRAPHY	38	42	10		52
MODERN PLASTICS		22	1		23
MODERN TEXTILES		4	1		5
MONEY (DOMESTIC ONLY)		1			1
MONIST, THE		6	1		7
MONTHLY BULLETIN OF AGRI ECONOMICS			1		1
MONTHLY BULLETIN OF STATISTICS		10			10
MONTHLY REVIEW		2			2
MOODY'S BANKS & FINANCE		2			2
MOODY'S INDUSTRIALS		2			2
MORE		1			1
MOTHER EARTH NEWS		4			4
MOTOR BOATING AND SAILING		1			1
MOTOR SERVICE				1	1
MOTOR TREND		1	1		2
MS		27	3		30
MS	26	1			1
MUSEUM NEWS		5	1	10	16
MUSIC ARTICLE GUIDE		1			1
MUSIC EDUCATORS JNL		2			2
MUSIC JOURNAL		4		1	5
MUSICAL QUARTERLY		34	6	39	79

TITLE DESCRIPTION	TERM	DATE DEC 31 1974			TOTAL
		INFO	BINAT	PRES	
MUSLIM WORLD		12	1	3	16
NATION		36	1	3	40
NAT. ACAD. OF SCIENCE PROCEEDINGS		7		3	10
NAT. ACAD. OF SCIENCE PROCEEDINGS	26	1			1
NATL ASSN FOREIGN STUDENT ADV NEWSL		1			1
NATIONAL BUSINESS WOMAN		1	1		2
NATIONAL CATHOLIC REPORTER		7			7
NATIONAL CIVIC REVIEW		8		1	9
NATIONAL 4 H CLUB NEWS		4		1	5
NATIONAL GEOGRAPHIC MAGAZINE		207	104	86	397
NATIONAL GEOGRAPHIC MAGAZINE	26	3			3
NATL GEOGRAPHICAL SCH BULLETIN			1		1
NATIONAL JOURNAL REPORTS		26	1		27
NATIONAL PARKS		27	4	3	34
NATIONAL PARKS	26	1			1
NATIONAL REVIEW		143	38	10	191
NATIONAL REVIEW	26	2			2
NATIONAL SCULPTURE REVIEW		7	1	6	14
NATIONAL TAX JOURNAL		12			12
NATIONAL WILDLIFE		2	2		4
NATIONS BUSINESS		23	2		25
NATIONS CITIES				5	5
NATIONS CITIES	27	3	2		5
NATIONS CITIES	37	24	6		30
NATIONS SCHOOLS		3		1	4
NATURAL HISTORY INCL NATURE MAG		52	18	2	72
NEGRO HISTORY BULLETIN		12			12
NEW BOOKS IN BUSINESS & ECONOMICS		2			2
NEW ENGLAND JOURNAL OF MEDICINE		5			5
NEW ENGLAND QUARTERLY		8			8
NEW GUARD		7			7
NEW INGENUE		1			1
NEW LEADER				11	11
NEW LEADER	38	55	2		57
NEW LETTERS		2			2
NEW PRIORITIES		1			1
NEW REPUBLIC			143	40	192
NEW REPUBLIC	26	3			3
NEW TECHNICAL BOOKS		10			10
NEW TECHNICAL BOOKS	26	1			1
NEW YORK MAGAZINE		32	5		37
NEW YORK QUARTERLY		7	1		8
NEW YORK REVIEW OF BOOKS		14	2	9	25
NEW YORK REVIEW OF BOOKS	26	14	1		15
NEW YORK REVIEW OF BOOKS	36	73	16		89
NEW YORK TIMES BOOK REVIEW		49	21		70
NEW YORK TIMES BOOK REVIEW	26	1			1
NEW YORKER				36	36
NEW YORKER	27	134	45		179
NEWSLETTER ON THE STATE OF CULTURE		2	1		3
NEWSWEEK-DOMESTIC		4	3		7

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
NENSWEK-DOMESTIC	26	5	1		6
NENSWEK-DOMESTIC	36	34	5		39
NENSHK=DOM AIR BR, COLOMBES, CUBA, M		9			9
NENSHK=DOM AIR CA NSW SA CARIB			25		25
NENSHK=DOM AIR ARG, BRAZ, CHIL, UR,		4	9		13
NENSWEK ATLANTIC EUR ME & AFR		129	6	30	165
NENSWEK ATLANTIC EUR ME & AFR	26	3			3
NENSWEK PACIFIC & ASIA		21	6	1	28
NILMAN REPORTS		1			1
NINETEENTH CENTURY FICTION		3			3
NOTES - MUSIC LIBRARY ANNUAL		2		1	3
NOVEL		8			8
NOM ACTS			1		1
NUCLEAR INDUSTRY		1			1
NEW BOOKS ON WORLD AFFAIRS		7			7
NATIONAL REPORTER		1			1
NUTRITION REVIEWS		2			2
OCEANS		5			5
OECD OBSERVER		1			1
OIL & GAS JOURNAL		9	3	1	13
OIL & GAS JOURNAL	26	1			1
OMEGA		1			1
OPERA NEWS		30	1	30	61
OPERA NEWS	26	1			1
OPERATIONS RESEARCH		15			15
ORAL SURGERY ORAL MED & ORAL PATHOL		1		1	2
ORBIS			6		6
ORBIS	27	12	3		15
ORBIS	37	51	5		56
ORCHID DIGEST		1	2		3
ORGANIC GARDENING & FARMING		1			1
OUTDOOR LIFE				1	1
OUTDOOR LIFE	38	9			9
OUTDOOR WORLD			1		1
PACIFIC AFFAIRS		25	2	1	28
PACIFIC AFFAIRS	26	1			1
PACIFIC HISTORICAL REVIEW		3	1		4
PAPERROUND BOOKS IN PRINT		51	3		54
PAKENTS MAGAZINE				2	2
PAKENTS MAGAZINE	26	3			3
PAKENTS MAGAZINE	36	29	14		43
PAKIS REVIEW		1			1
PARKS & RECREATION		15		2	17
PARNASSUS, POETRY IN REVIEW		1			1
PARTISAN REVIEW		80	15	26	121
PARTISAN REVIEW	26	1			1
PAUNCH		1			1
PEDAGOGIA		1			1
PEDIATRICS		2			2
PEDIATRICS	26	1			1
PEOPLE (U.S. ONLY)		3	1		4

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
PERFORMANCE		16			16
PERFORMING ARTS		1			1
PERSONNEL		11			11
PERSONNEL & GUIDANCE JOURNAL		3			3
PERSONNEL JNL		6			6
PERSONNEL MANAGEMENT ABSTRACTS		1			1
PERSPECTIVE		9			9
PERSPECTIVES OF NEW MUSIC	14	2	9		25
PESCA Y MARINA	2	2			4
PETERSON S PHOTOGRAPHIC	1				1
PEIROLEO INTER AMERICANO	3	2			5
PHI DELTA KAPPAN			1		1
PHILADELPHIA MAGAZINE		7			7
PHILOLOGICAL QUARTERLY			1		1
PHILOSOPHICAL REVIEW	4		2		6
PHILOSOPHY & PUBLIC AFFAIRS	6				6
PHILOSOPHY EAST & WEST	8	1	1		10
PHOTOGRAPHIC SCIENCE & ENGINEERING			1		1
PHOTOGRAPHIC SOC OF AMER, JOUR		2			2
PHYLDN		31			31
PHYLDN	26	2			2
PHYSICAL REVIEW		1			1
PHYSICS TEACHER	26	2			2
PHYSICS TODAY		11	1	4	16
PHYSICS TODAY	26	1			1
PLACE		1			1
PLASTIC & RECONSTRUCTIVE SURGERY		1			1
PLAYBOY		2			2
PLAYERS MAGAZINE		8	3	1	12
PLAYS		10	4		14
POETRY					1
POETRY	26	1			1
POETRY	38	77	15	8	92
POLITICAL SCIENCE QTLY		71	8	8	87
POLITICAL SCIENCE QTLY	26	1			1
POLITICS & SOCIETY		6			6
POLITY		4	1		5
POPULAR CERAMICS		1			1
POPULAR ELECTRONICS/ELECTRON. WORLD		63	16	1	80
POPULAR ELECTRONICS/ELECTRON. WORLD	26	2			2
POPULAR MECHANICS MAG-U, S, ED				9	9
POPULAR MECHANICS	26	2			2
POPULAR MECHANICS	38	91	33		124
POPULAR PHOTOGRAPHY					10
POPULAR PHOTOGRAPHY	26	1			1
POPULAR PHOTOGRAPHY	38	80	38		118
POPULAR SCIENCE MONTHLY				7	7
POPULAR SCIENCE MONTHLY	26	2			2
POPULAR SCIENCE MONTHLY	38	95	23		118
POULTRY DIGEST		1			1
POULTRY SCIENCE		5			5

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
POVERTY & HUMAN RESOURCES ABSTRACTS		1			1
POWER		5			5
POWER	26	1			1
POWER ENGINEERING			1		1
POWER ENGINEERING	26	1			1
PRAIRIE SCHOONER		1			1
PREVIEWS NEWS & REVIEWS		11			11
PRINT				4	4
PRINT	27	2			2
PRINT	37	19			19
PRODUCT DIGEST		1			1
PRODUCT ENGINEERING		5	1		6
PROFESSIONAL PSYCHOLOGY		6	1		7
PROGRESSIVE, THE		3	1		4
PROGRESSIVE ARCHITECTURE		79	12	10	101
PROGRESSIVE ARCHITECTURE	26	3			3
PSYCHOLOGICAL ABSTRACTS		4			4
PSYCHOLOGICAL REVIEW		5		2	7
PSYCHOLOGY TODAY		55	5	1	61
PSYCHOSOMATIC MEDICINE		1			1
PTA MAGAZINE		3			3
PUBLIC ADMINISTRATION REVIEW		46	3	5	54
PUBLIC ADMINISTRATION REVIEW	26	2			2
PUBLIC AFFAIRS INFO SERV COMPLETE		29	3		32
PUBLIC AFFAIRS INFO SERV COMPLETE	26	1			1
PUBLIC AFFAIRS INFO SERV PARTIAL		11	1		12
PUBLIC INTEREST		43	2		45
PUBLIC MANAGEMENT		15		4	19
PUBLICATIONS OF MODERN LANG ASSOC		48	10	21	79
PUBLIC OPINION QUARTERLY				7	7
PUBLIC OPINION QUARTERLY	27	6	1		7
PUBLIC OPINION QUARTERLY	37	32	5		37
PUBLIC PERSONNEL MANAGEMENT		13	1	3	17
PUBLIC RELATIONS JOURNAL		20	1	1	22
PUBLIC RELATIONS QUARTERLY		6			6
PUBLIC TELECOMMUNICATIONS REVIEW		8			8
PUBLIC WELFARE		15		1	16
PUBLIC WORKS		3		1	4
PUBLIC WORKS	26	1			1
PUBLISHERS WEEKLY		61	2	25	88
PUBLISHERS WEEKLY	26	4			4
P.U.R. EXECUTIVE INFO SERVICE		1			1
QST AMERICAN RADIO RELAY LEAGUE		11	1	1	13
QUARTERLY JOURNAL OF ECONOMICS		49	5	16	70
QUAR REVIEW OF ECONOMICS & BUSINESS		14	2		16
QUARTERLY REVIEW OF LITERATURE		7	2		9
QUILL		14		7	21
RADIO ELECTRONICS		19	4		23
RADIO SCIENCE				1	1
RADIOLOGY			1		1
RAILWAY AGE			1		1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
READER'S GUIDE TO PER. LIT. UABR		118	26		144
READERS ABV SRV SEL TOPICAL BKLISTS		6			6
READERS DIGEST AMERICAN EDITION		113	62	10	185
READERS DIGEST AMERICAN EDITION	26	1			1
READERS DIGEST FRENCH ED		32	2	1	35
READERS DIGEST GERMAN ED		3			3
REFERENCE SERVICES REVIEW		8	1		9
REFERENCE SHELF		9	1		10
RELIGIOUS & THEOLOGICAL ABSTRACTS				1	1
RESEARCH QUARTERLY				1	1
RESEARCH REPORT SERIES		1			1
REVIEW OF ECONOMICS & STATISTICS		37	1	5	43
REVIEW OF ECONOMICS & STATISTICS	26	1			1
REVIEW OF EDUCATIONAL RESEARCH		29	4		33
REVIEW OF EDUCATIONAL RESEARCH	26	3			3
REVIEW OF METAPHYSICS				1	1
REVIEWS OF MODERN PHYSICS	26	1			1
REVIEW OF POLITICS		5			5
REVIEW OF SCIENTIFIC INSTRUMENTS	26	1			1
REV DEL INST DE CUL PUERTO RICO				1	1
REVISTA IBERO AMERICANA		3			3
REVISTA INTER AMER DE BIBLIOGRAFIA		2	2		4
REVISTA INTER-AMERICANA REVIEW		1			1
RICE JOURNAL		3	1		4
RING		1			1
RIPON FORUM		2			2
ROAD & TRACK		1			1
ROADS & STREETS				1	1
ROLLING STONE		10		1	10
ROMANCE PHILOLOGY				1	1
RUBBER AGE		4			4
RUKHAL SOCIOLOGY		7		1	8
RUSSIAN REVIEW		7			7
SALES MANAGEMENT		15		1	16
S.A.M. ADVANCED MANAGEMENT JOUR	26		2		28
SATURDAY EVENING POST		1			1
SATURDAY REVIEW/WORLD		166	70	60	296
SATURDAY REVIEW/WORLD	26	4			4
SCHOOL ARTS		16	6	2	24
SCHOOL REVIEW		7			7
SCHOOL SCIENCE & MATHEMATICS		9	1		10
SCHOOL SCIENCE & MATHEMATICS	26	1			1
SCIENCE		82	9	9	100
SCIENCE	26	4			4
SCIENCE DIGEST				10	10
SCIENCE DIGEST		2			2
SCIENCE DIGEST	26				74
SCIENCE EDUCATION	38	57	17		1
SCIENCE NEWS				6	6
SCIENCE NEWS	26	3	2		5
SCIENCE NEWS	37	31			31

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
SCIENCE TEACHER-NSTA LIB, SUBS-		13	1	1	15
SCIENCE TEACHER-NSTA LIB, SUBS-	26	3			3
SCIENCE WORLD TEACHERS ED		2	1		3
SCIENCE WORLD TEACHERS ED	26	1			1
SCIENTIFIC AMERICAN				75	75
SCIENTIFIC AMERICAN	26	2			2
SCIENTIFIC AMERICAN	38	179	86		265
SCIENTIFIC MEETINGS		6			6
SCOUTING MAGAZINE		9		1	10
SEA FRONTIERS		15	4		19
SEA TECHNOLOGY		13	4	1	18
SELECCIONES DEL READERS DIG SPAN ED		9	19		28
SOCIAL SCIENCES INDEX		49	6		55
SR. SCHOLASTIC - TEACHERS EDITION		8	3	1	12
SEVENTEEN		17	24		41
SEWANEE REVIEW				9	9
SEWANEE REVIEW	27	6	1		7
SEWANEE REVIEW	37	51	9		60
SHAKESPEARE QUARTERLY				1	1
SIMULATION & GAMES		3			3
SKI		4			4
SKI	26	1			1
SKY & TELESCOPE		5	2	3	10
SLAVIC REVIEW		12		5	17
SMITHSONIAN		88	16	11	115
SMITHSONIAN	26	4			4
SOAP & CHEMICAL SPECIALTIES (DUMES)		1			1
SNEAK PREVIEW		1			1
SOCIAL CASEWORK		7		3	10
SOCIAL EDUCATION		5	1	3	9
SOCIAL FORCES		1			1
SOCIAL POLICY		2			2
SOCIAL PROBLEMS		23	5		28
SOCIAL RESEARCH		19		6	25
SOCIAL SERVICE REVIEW		6			6
SOCIAL STUDIES			1		1
SOCIAL WORK		22		3	25
SOC OF MOT PICT & TEL ENGRS JOUR				7	7
SOCIOLOGICAL ABSTRACTS		3		1	4
SOCIOLOGICAL QUARTERLY		1			1
SOCIOLOGY & SOCIAL RESEARCH		11	1		12
SOCIOLOGY OF EDUCATION		9	1		10
SOCIDOMETRY		1			1
SOIL SCIENCE		3			3
SOLAR ENERGY		2	2		4
SOLAR ENERGY	26	1			1
SOUND & COMMUNICATIONS		2		1	3
SOUND & COMMUNICATIONS	26	1			1
OUNDINGS				1	1
SOURCE		12	1	1	14
SOUTH ATLANTIC QUARTERLY		4			4

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TITLE DESCRIPTION	TERM	INFO	INAT	PRES	TOTAL
SOUTHEAST ASIA		9	2		11
SOUTHERN ECONOMIC JRL		14			14
SOUTHERN POETRY REVIEW		7			7
SOUTHERN REVIEW		16	2	1	19
SOUTHWEST ART		1			1
SOUTHWEST REVIEW		1			1
SPACE WORLD		2			2
SPACE WORLD	26	1			1
SPORTS ILLUSTRATED		122	44	17	183
SPORTS ILLUSTRATED	26	2			2
SR. SCHOLASTIC STUDENTS EDITION		14	1		15
SPECIAL LIBRARIES		3		2	5
SSIE SCIENCE NEWSLETTER		5	2		5
STAMPS			1		1
STANDARD & POOK S REG.CORP.DIR & EX.		5			5
STANDARDIZATION NEWS		3			3
STATE GOVERNMENT		12		2	14
STAT IND SHRT TRM ECD CHQS ECE CUUN		7			7
STEREO REVIEW		6			6
STUDENT IMPACT		1			1
STUDIES IN COMPARATIVE COMMUNISM		16			16
STUDIES IN BLACK LITERATURE		5			5
STUDIES IN THE NOVEL		2			2
SUBJECT GUIDE TO FORTHCOMING BOOKS		13			13
SUCCESSFUL FARMING		13	2	2	17
SUCCESSFUL FARMING	26	1			1
SUGAR Y AZUCAR		2	2		4
SUNSET		18	5		23
SUPER-8 FILMMAKER		1		1	2
SUPERVISORY MANAGEMENT		11			11
SUPERVISORY MANAGEMENT	26	1			1
SURGERY		1			1
SURGERY GYNECOLOGY & OBSTETRICS		3			2
SURGICAL CLINICS OF NORTH AMERICA		0		3	11
SURGICAL CLINICS OF NORTH AMERICA	26	1			1
SWIMMING WRLD.		2			2
TAPPI		1			1
TEACHER	38	15	5		20
TEACHERS COLLEGE RECORD		15	2	2	19
TEACHING EXCEPTIONAL CHILDREN		7			7
TECHNICAL BOOK REVIEW INDEX		10	1	1	12
TECHNOLOGY & CULTURE		9			9
TECHNOLOGY & CULTURE	26	1			1
TECHNOLOGY REVIEW		9			9
TECHNOLOGY REVIEW	26	1			1
TELEVISION/RADIO AGE		2		3	5
TELEVISION QUARTERLY		1		1	2
TELEVISION QUARTERLY	26	1			1
TESOL		36	32	25	93
TESOL	26	1			1
TEXAS QUARTERLY		9			9

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
TEXAS STUDIES IN LIT & LANGUAGE		1			1
TEXTILE WORLD		10			10
THE DRAMA REVIEW				39	39
THE DRAMA REVIEW	27	14	1		15
THE DRAMA REVIEW	37	78	12		90
THEATRE CRAFTS		20	12	3	35
THEATRE CRAFTS	26	1			1
THEATRE DESIGN & TECHNOLOGY		2			2
TIME DOMESTIC EDITION		3	1		4
TIME DOMESTIC	26	64	14		78
TIME INT AFRICA		5		8	13
TIME-INTERNATIONAL	36	2			2
TIME INT ASIA & LATIN AMER		3	11	2	16
TIME-INTERNATIONAL	36	3			3
TIME INT EUROPE INCL ISRAEL		13		75	88
TIME INT EUROPE INCL ISRAEL	26	1			1
TIME INT MIDDLE-EAST		2		4	6
TIME INT MIDDLE EAST	26	1			1
TIME-INTERNATIONAL	36	193	62		255
TOUDAYS EDUCATION		74	8	5	87
TOUDAYS EDUCATION	26	2			2
TOUDAYS HEALTH	27	47	9		56
TOURE, LA		1	3		4
TRACK & FIELD NEWS		2			2
TRAFFIC ENGINEERING		7	1	1	9
TRAFFIC SAFETY MAGAZINE		2		1	3
TRAFFIC WORLD		1			1
TRAINING SCHOOL BULLETIN					1
TRANSACTION-SOCIETY		65	7	1	73
TRANSATLANTIC REVIEW		1			1
TRANSPORTATION SCIENCE JOURNAL		11		2	13
TRANSPORTATION SCIENCE JOURNAL	26	2			2
TRAVEL		9	10		19
TRAVEL	26	5	1		6
TRAVEL	36	13	10		23
TRAVEL & LEISURE		1	2		3
TRI-QUARTERLY		15			15
TV COMMUNICATIONS				1	1
TWENTIETH CENTURY LITERATURE	26	5		2	33
U.S. CHINA BUSINESS REVIEW		2			2
U.S. CODE ANNOTATED, PUCKET PARIS		5	1		6
U.S. CODE ANNOTATED, NEW VOLS.		2	1		3
U.S. CODE, CON & AD NEWS W/ANN. VOL.		6			6
UNABASHED LIBRARIAN		1			1
UN CURRENT BIBLIOGRAPHICAL INFORM		2			2
UN DOCUMENTS INDEX		8			8
UNESCO BULLETIN FOR LIBRARIES-ENG		6			6
UNESCO BULLETIN FOR LIBRARIES-ENG	26	1			1
UNESCO BULLETIN FOR LIBRARIES-FR		5			5
UNESCO BULLETIN FOR LIBRARIES-SP		3	3		6
UNESCO COURIER		23	3		26

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
UNESCO COURIER- ARABIC		2			2
UNESCO COURIER- ARABIC	26	1			1
UNESCO COURIER-FRENCH		18	1		19
UNESCO COURIER-SPANISH		11	11		22
UNITED NATIONS MO CHRONICLE ENG		42	4		46
UNITED NATIONS MONTHLY CWRON ESP		6	4		10
UNITED NATIONS MO CHRONICLE FR		13			13
UNITED STATES LAW WEEK				1	1
URPE NEWSLETTER		4			4
USA=200		15			15
U.S. NAVAL INSTITUTE PROCEEDINGS		7	1		8
U.S. NEWS & WORLD REP.				30	30
U.S. NEWS & WORLD REP.	26	2			2
U.S. NEWS & WORLD REP.	38	104	14		118
U.S. NEWS & W.R. AFR CAN & MEX		12	1		13
U.S. NEWS & W.R. FAR EAST		1			1
U.S. NEWS & W.R. AIR NE (C&S AMER)		5	17	22	48
U.S. NEWS & W.R. AIR NE (C&S AMER)	26	1			1
U.S. NEWS & WORLD REP. EUR AIRSPEEDE		10	2	2	14
U.S. NEWS & WORLD REP EUR AIRSPEEDED	26	27	6		33
URBAN AFFAIRS QUARTERLY				7	7
URBAN AFFAIRS QUARTERLY	27	13	2		15
URBAN AFFAIRS QUARTERLY	37	32	5		37
URBAN RESEARCH NEWS		1			1
URBAN REVIEW		14			14
URBAN REVIEW	26	1			1
URBAN & SOCIAL CHANGE REVIEW		9	2		11
VARIETY		10		3	13
VERTICAL FILE INDEX		12	4		16
VETERINARY MED/SM ANIMAL CLINICIAN		3		2	5
VI G GINIA QUARTERLY REVIEW				3	3
VI G GINIA QUARTERLY REVIEW	27	2			2
VI G GINIA QUARTERLY REVIEW	37	31	3		34
VISION		6	16		24
VISUAL MERCHANDISING	26	4			4
VISUAL MERCHANDISING	36	24	4		28
VITAL SPEECHES OF THE DAY		74	4		78
VOCATIONAL GUIDANCE QUARTERLY		4			4
VOGUE		27	15		42
VOGUE	26	1			1
VOGUE PATTERN BOOK		4			4
VOLTA REVIEW				1	1
W		1			1
WALL STREET JOURNAL INDEX		4			4
WALL STREET JOURNAL INDEX COMBINED		1			1
WAR & PEACE REPORT		1			1
WASHINGTON MONTHLY		7			7
WASHINGTON POST BOOK WORLD		5			5
WASHINGTONIAN		14			14
WATER & SEWAGE WORKS		1		3	4
WATER POLLUTION CONTROL FED JOURNAL		1			1

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
WATER POLLUTION CONTROL FED JOURNAL	26	1			1
WATER RESOURCES RESEARCH		7	3		10
WATER RESOURCES RESEARCH	26	1			1
WELDING JOURNAL			1		1
WESTERN POLITICAL QUARTERLY		2			2
WILLIAM MARY QUARTERLY		1			1
WILSON LIBRARY BULLETIN			15	4	81
WOMANI A JR, OF LIBERATION			1		1
WORLD CONVENTION DATES		5			5
WORLD MEETINGS SOC BEHAV SCI ETC		10			10
WORLD MEETINGS - U.S. & CANADA		6			6
WORLD NEWS OF THE WEEK		1			1
WORLD OIL		4			4
WORLD OIL	26	1			1
WORLD POLITICS				4	4
WORLD POLITICS	26	1			1
WORLD POLITICS	38	71	6		77
WORLD TENNIS		3			3
WORLD TRAVELER			5		5
WRITER	38	28	6		34
WRITER S DIGEST		1			1
YACHTING		3			3
YALE LAW JOURNAL		10	1	5	16
YALE REVIEW				15	15
YALE REVIEW	27	8			8
YALE REVIEW	37	77	7		84
YALE THEATRE		20			20
YALE THEATRE	37	1			1
YOUTH & SOCIETY		1	1		2
YOUTH REPORT			1		1
ZYGON (JNL OF RELIGION & SCI)		1			1

MAGAZINES 18,340 3,848 2,834 25,022

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TITLE DESCRIPTION	TERM	INFO	BINAT	PRES	TOTAL
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FRANCE AMERIQUE		2			2
HOUSTON CHRONICLE D&S		1			1
JOURNAL OF COMMERCE N.Y.		1			1
LOS ANGELES TIMES DAILY		1			1
LOS ANGELES TIMES SUNDAY		6	1		7
LOS ANGELES TIMES DAILY & SUNDAY		8			8
MIAMI HERALD DAILY & SUNDAY		1			1
NATIONAL OBSERVER		36	3		39
NATIONAL OBSERVER	26	1			1
NEW YORK AMSTERDAM NEWS		1			1
N.Y. TIMES DOMESTIC DAILY		3			3
N.Y. TIMES SUNDAY		52	13		65
N.Y. TIMES SUNDAY	26	1			1
N.Y. TIMES D&S		44	4		48
N.Y. TIMES D&S	26	1			1
SAN FRANCISCO CHRONICLE SUNDAY		1			1
ST. LOUIS POST DISPATCH DAILY		2			2
ST. LOUIS POST DISPATCH SUNDAY		1			1
ST. LOUIS POST DISPATCH D & S		1			1
VILLAGE VOICE		11	1		12
WALL STREET JOURNAL		41	1		42
WALL STREET JOURNAL	26	1			1
HERALD INT. TRIBUNE		115	20		135
WALL STREET JOURNAL AIR YU		1			1
WASHINGTON SUNDAY STAR DC		1			1
WASHINGTON POST & TIMES HER DAILY		3			3
WASHINGTON POST & TIMES HER SUNDAY		5	3		8
WASHINGTON POST & TIMES HER D & S		20			20

NEWSPAPERS 423 52 - 475

GRAND TOTALS 18,763 3,900 2,834 25,497

PRESENTATIONS

Mr. SLACK. Are there other presentations made by USIA?

Mr. KEOGH. Yes, sir. The principal ones being books.

ELIMINATION OF VOA SLOVENE BROADCASTS

Mr. SLACK. Mr. Director, in what languages does the Voice of America broadcast in Yugoslavia?

Mr. KEOGH. The Voice of America broadcasts to Yugoslavia in Serbo-Croatian and English.

Mr. SLACK. When were the Slovene broadcasts discontinued?

Mr. KEOGH. The Slovene broadcast was discontinued on February 1.

Mr. SLACK. What was the reason?

Mr. KEOGH. Mr. Chairman, we were forced to go through a process of reducing Agency operations because of the inflationary impact that we felt all around the world, so we studied every aspect of our work and tried to come to a determination of which things we could drop to reduce costs. We tried to base our judgment on those things that we felt were at the bottom of the effectiveness scale.

As a result of this study we dropped 87½ hours of broadcasting on the Voice of America. We also reduced in almost every other element of the Agency in one degree or another, including reduction of a large number of positions. One of the things we dropped was the Slovene broadcasts on the Voice of America. This broadcast was divided into two 15-minute segments, totaling half an hour a day. Our study brought us to the conclusion that it was better to spend our resources in that part of Yugoslavia to continue our broadcast in Serbo-Croatian, and continue our very fine center in the capital of Slovenia where we have an officer with high competence in the language.

In the process of making our study we found that all elements involved agreed with this, came to the same conclusion, that is, the post, the Embassy in Yugoslavia, the Bureau at the State Department, and as a result we came to the conclusion that, given our pinch on resources, that this language service on the Voice was one of the things that we should reduce. I should add the point that an element in this decision was that the people of Slovenia, a very large percentage, understand Serbo-Croatian. We felt that in continuing our broadcasts to that area in Serbo-Croatian we were reaching the audience that we needed to reach.

PRESENTATION OF PERIODICALS

Mr. SLACK. How do you go about selecting these periodicals? Who makes the decision on which ones are chosen?

Mr. KEOGH. For presentation?

Mr. SLACK. Yes, I see that you have two copies of Playboy.

Mr. KEOGH. The selection of periodicals is based on the judgment of the public affairs officers at the post. With regard to the two subscriptions to Playboy, I can point out that one of those was an error and the other one is not being renewed.

Mr. SLACK. I was going to note, we don't want to discriminate. There is not one called Playgirl?

Mr. KEOGH. I hope no one thinks that is male chauvinism on our part.

MUNICH REGIONAL RESEARCH OFFICE INCREASE

Mr. SLACK. On page 20-10 of the justifications you mentioned a requested increase of \$9,552 for a regional research office in Munich. Would you comment on this request?

Mr. KEOGH. It is to enable our overseas research office to assist USIS posts in performing and interpreting local research projects and administer Agency research studies in the field. This is an effort to improve the capability of our research operation in that area.

SECURITY INVESTIGATIONS INCREASE

Mr. SLACK. On page 20-12 of the justifications I see a requested increase of \$117,075 for security investigations. That is an increase from \$369,400 in 1975 to \$486,475 in 1976. What is the reason for this rather large increase?

Mr. SILVERMAN. As you know, sir, we have to conduct investigations for all employees hired. The increase in 1976 consists of \$66,425 relating to one-time savings we made in 1975 from the position reductions we effected this year and therefore did not need to recruit for those jobs; \$47,750 due to a rate increase that the Civil Service Commission informed us would take effect. Finally, a net increase of \$2,900 is basically for the new positions in the budget, mostly those new positions related to the increase for the exchange of persons program.

Mr. SLACK. Are there other questions on the salaries and expense item?

USIA PRINTING ACTIVITIES AND COSTS

Mr. EARLY. Thank you.

How much printing do we do ourselves?

Mr. KEOGH. We do a very large amount of printing ourselves at our three regional service centers, one in Beirut, one in Mexico City, and one in Manila. We do a very, very high percentage of our printing on our own.

Mr. EARLY. How much money do we appropriate for our own printing?

Mr. SILVERMAN. Mr. Early, I either have to give you this bit by bit or furnish a composite statement for the record.

Mr. EARLY. Would you provide the information for the record?

Can you give me an estimate now?

Mr. SILVERMAN. The printing costs themselves, exclusive of the staff and overhead, are somewhat over \$1 million.

Mr. EARLY. Is there any reason why we don't do the printing in the United States?

Mr. KEOGH. Costs and delivery. Having our own regional service centers spotted in these locations in the world reduces both the delivery time and to a large degree reduces costs.

Mr. EARLY. I would think with our economic condition where we are funding employment bills and things of that kind, we might be getting a savings if we were employing some of our own people as far as bottom line net costs. Wouldn't it really be determined whether it was a savings to this country or not?

Mr. KEOGH. I think that the—

PRINTING IN THE UNITED STATES

Mr. EARLY. Do you do any printing in the United States?

Mr. KEOGH. Yes; we have some things, some printing in the United States under contract.

Mr. EARLY. Would you supply for the record a list of the amounts?

Mr. KEOGH. Percentage and amounts?

Mr. EARLY. Yes.

Mr. KEOGH. Yes, sir.

[The following information was provided:]

PRINTING REQUIREMENTS

In fiscal year 1974, the press and publications service's three regional service centers provided the field posts with printing services valued directly at \$1,703,251. It cost \$259,040 to ship the printed magazines and pamphlets to the using posts. Staff, utilities, and other indirect costs totaled \$2,290,583.

In Washington, limited printing services, valued at \$89,244, were provided by a small administrative reproduction shop. Staff costs totaled \$244,863.

The Agency procured commercial printing services domestically at a cost of \$44,641. Thus, commercial printing represented 1 percent of the printing services procured or produced centrally.

It should be noted that the Agency procures for its overseas programs books, magazines, newspapers, and other materials printed commercially in the United States. These materials cost \$2,137,263 in 1974. When these costs are considered, commercially produced materials comprise 32 percent of the Agency's centrally obtained printed materials.

Many USIS posts abroad have some printing capability and/or local printing contracts to handle their requirements for short leadtime printed materials.

Mr. SLACK. Mr. Miller?

EVIDENCE OF EFFECTIVENESS

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Director, you are covering many countries including the Soviet Union, and I wonder how you get a reading on what takes place. We have a voting system here in the United States and a number of corporations that take polls. We have a good idea of who is listening. Is there any feedback that you have to give you an idea whether you are reaching people?

As an example, with the Voice of America?

VOA LISTENERS

Mr. KEOGH. We cannot take polls in the Soviet Union. It cannot be done, so that the feedback we get largely comes in the form of reaction and comment from citizens of the Soviet Union. Those who write letters to the Voice of America, those who speak to the guides at the exhibits we take to the Soviet Union and talk about what they heard on the Voice of America, the communications with the people at our embassy and our other installations in the Soviet Union. It is necessary for us to make estimates of who we are reaching based on that kind of information. We do not have a scientific way of determining what our listenership is, as one can do in a radio operation in the United States.

Mr. MILLER. Apparently that particular method led you to believe you should continue?

Mr. KEOGH. Yes, sir, it has. There is a new, relatively new aspect with regard to the Soviet Union. From 1968 until the fall of 1973 the Voice of America was jammed by the Soviet Union. In September of 1973 the Soviet Union stopped the jamming process and the increase in comment and the increased feedback that our people in the Soviet Union got and the letters that we got at that time clearly indicated a rather large increase in the number of people who were listening. It is that kind of thing that we need to depend on in these instances to make a determination of listenership.

Mr. MILLER. Those people who send you a letter apparently are not concerned whether that information would be put out to the officials in their own country; they feel free to write to you?

Mr. KEOGH. I believe that there is probably some concern about that. There has been some public discussion about it in the past, about the question whether those letters might be used for a purpose other than just learning who is listening to the radio.

Mr. MILLER. Therefore I would assume you feel more people would write if that concern were not there?

Mr. KEOGH. Yes; I do indeed feel that.

Mr. MILLER. Can you tell us how many people would have contacted you conveying the message that they were listening?

Mr. KEOGH. I would find it very difficult to cite a figure. I could give you our estimate of listeners based on the number of receivers but there are really no reliable statistics. We feel that in the Soviet Union we have a pretty good estimate on receivers. We think there are something over 50 million receivers in the Soviet Union.

Mr. MILLER. All capable of receiving frequencies put out by the Voice of America?

LETTERS TO VOICE OF AMERICA

Mr. KEOGH. Yes; I think a substantial number are capable of receiving VOA.

In 1974, the Voice of America received 202,000 letters from the entire overseas audience. That was a rather remarkable increase from 150,000 in 1973. How one projects from that the total number of listeners is a very, very risky process.

Mr. MILLER. How would the listeners know to whom to write? Do you put that on the air from time to time—this is the voice of America and here is the address?

Mr. KEOGH. Yes, sir. From time to time some of that. There are occasions when listeners are urged to write in for a picture of a personality on the Voice of America or for something that would be sent back to them. Often they simply wrote to an address at the embassy or in a way with a very vague address that reaches us.

Mr. MILLER. Do you answer all of these letters?

Mr. KEOGH. We make an effort to do so. That process is not as well developed as it should be.

Mr. MILLER. Can you tell us whether they are friendly letters or derogatory letters?

Mr. KEOGH. A very, very high percentage are friendly letters. We get derogatory comments but they usually come from the official level in a very direct way in publications and in other ways.

Mr. MILLER. Sending them a response would be an additional contact. It might give them some encouragement.

Mr. KEOGH. Yes, sir. I think that is quite true. There is a good deal of sensitivity, of course, in some instances of this kind of direct communication, as you can understand.

AMERICAN BICENTENNIAL

Mr. MILLER. You are requesting funds for our American Bicentennial?

Mr. KEOGH. That is correct.

Mr. MILLER. I am wondering about the effect of that. Other countries are not going to be as interested as we are. I wonder how many people are that interested, or what do you expect to be able to accomplish with this?

Mr. KEOGH. We find a very intense interest in many parts of the world in the Bicentennial. As a matter of fact, I think probably in some countries the interest developed before it did here in the United States.

Mr. MILLER. By only historians of those countries?

FRANKLIN AND JEFFERSON EXHIBIT

Mr. KEOGH. No, I think beyond that, there was at the educated level an early interest. Let me cite one example. We have produced with the American Revolution Bicentennial Administration a Franklin and Jefferson exhibit. It is the history of Franklin and Jefferson and their part in the founding of the Nation. We opened it in Paris, France. It was enormously well received, very interested crowds, very well received in the press. We have now taken it to Poland and there has developed a great interest in this. I think there is going to be a very large interest in many countries of the world in the Bicentennial.

PROMOTION OF AMERICAN EXPORTS

Mr. MILLER. We spoke of the feedback, how many people may be listening. Would you have information on your success in selling what we export to other nations?

Mr. KEOGH. We have launched a program to support exports. We are using material in this connection on radio, in our magazines and in other media. We have on the Voice of America a New Products program, and about the best way to make a judgment on that is on the basis of the number of inquiries that come in as a result.

VOA NEW PRODUCTS PROGRAM

Mr. MILLER. Would you explain that New Products program?

Mr. KEOGH. It is a program in which we talk about the new products that are developed in the United States that are available for sale overseas. It runs a wide gamut of products. On the Voice of America it is called New Products, USA. It is a regular service. I want to emphasize, though, this is not just on the Voice. We do this in magazines and other ways. They may feature, for example, a new kind of air-conditioning system designed for schools, an automatic air han-

mer, a new air traffic control radar system, a computerized editing and typing system, a new spray lubricant. As these new products come along, we talk with the audience in a news sense more than in a selling sense, but talking about what they are and who is developing what and where they can be obtained.

Mr. MILLER. Do you have any followup on how many new products would eventually be ordered and whether they would be ordered in volume? In other words, it took a corporation and maybe some R. & D. dollars appropriated by Congress to develop this item. We have the technology, and once we developed it are we just saving someone else the R. & D. money. We give them the finished product and they start to manufacture it because they can practically copy everything that we do?

Mr. KEOGH. I suppose there is some danger of that in this process. However, I would think that the broader benefits would outweigh that danger.

Mr. MILLER. Broader benefits are selling in volume?

Mr. KEOGH. That is right. I might cite one example. At the big trade fair in Bulgaria we, in cooperation with the Department of Commerce, established an American presence there, a matter of selling really. We were helping out with the Commerce Department doing its work on a more commercial basis than we tried to do. The total sales at that one fair were \$5 million. That does not sound like very much but that was more than the total American sales to Bulgaria in all of the previous year. It is that kind of evidence that we pick up here and there that encourages us to feel that this is a highly effective activity.

INTERNATIONAL EXHIBITION

Mr. MILLER. Speaking of the international exhibitions, you say that there will be six showings in the U.S.S.R. of the United States and U.S.S.R. exchange exhibits. "Technology for the American Home" is one. Apparently that would be the type of program, new products that you spoke of. Is there any followup there?

Have we had our exchange exhibits, as an example, with the U.S.S.R.?

Is it a one-way street? Do we give more than we receive? Do we sell so that we would know whether this is a worthwhile project? Do we turn over our technology at that time?

I have had an opportunity to be at exhibitions and have seen some of the things that are put on display right here in this country, so I know. We find it very easy to come up with a new idea after someone had the idea first and spent the dollars on the R. & D. and come up with a finished product. It is easy to move into that, if they don't infringe on the patent for this particular product.

EXHIBITS SHOWN IN THE SOVIET UNION

Mr. KEOGH. Yes; I think you have made a very important point there. The international patent laws apply. That is a protection to some degree. Let me go to the "Technology for the American Home." It is not a new product exhibit; it is how Americans live. It is American houses with model rooms, kitchens, bathrooms, dining rooms, liv-

ing rooms, apartments, houses, lawns, and the whole aspect of the way Americans live. It is really more an information exhibit to tell the people of the Soviet Union about the American home.

There are new things in it but it is really not in this new-product classification; it is designed to show what our housing is like.

I might add, the other one mentioned there, the "Photography, U.S.A.," also has some new photographic technology in it, but in the main it tells a lot about the United States because there are a great many photographic views of the country. That is in a very large sense an information exhibit rather than a technological exhibit.

Mr. MILLER. I would hate to think we would go over and advertise Japanese cameras.

Mr. KEOGH. No, I don't think so.

Mr. MILLER. In the long run I can see where that could happen.

SOUTHEAST ASIA PROGRAMS

You spoke about carrying out your program in Southeast Asia. Recent developments in Southeast Asia will have a substantial impact on our operations there, you say.

We have abandoned plans for the programs we proposed to carry out in Vietnam, you say.

I don't know, is that good or bad? Should we abandon them? Isn't this the time you still need to tell the people of Vietnam the story of America?

Mr. KEOGH. What we are referring to there is the information and cultural activities that we carried on on the ground in the country. Of course, we have had to pull all of our people out.

Mr. MILLER. I understand that, but I am thinking about the Voice of America.

Mr. KEOGH. That will continue.

Mr. MILLER. Radio frequencies?

Mr. KEOGH. The radio broadcasts will continue. As a matter of fact, they are continuing and we are going into the process of intensive study on the question of whether we should increase or change those radio programs. I believe that the Voice of America broadcasts to South Vietnam now become far more important than ever. We had a very important program on the ground there, a binational center in Saigon that was very good, an important center in cultural affairs in the teaching of language. We had a center in Dalat and other activities that were quite important. Those are the ones that since it is necessary now for us to pull everything out, we can no longer conduct that, whether we will be able to go back in there with something in the months ahead is a question that we don't know.

Mr. MILLER. I had in mind primarily the testimony which indicates we would continue to direct that. It says: Recent developments in Southeast Asia will have a substantial effect on our operation.

To me that operation meant the Voice of America, too. That means you would abandon plans for that?

Mr. KEOGH. I thank you for bringing up the point. It is a very important one.

VOA COVERAGE OF MAYAGUEZ INCIDENT

Mr. MILLER. What do you do with the Voice of America concerning the problem we have right now with the *Mayaguez*? Do you tell that story? Are you telling that story right now?

Mr. KEOGH. Yes, we are, on our news programs. That story would be covered fully, factually, in the most responsible continuing way we could.

Mr. MILLER. I am sure it would be told the other way from the other countries right now and in their media, especially the controlled media. I think it is very important. You do follow this and tell that story that we have gone in, let us say, brought the ship back out?

Mr. KEOGH. Yes, sir.

Mr. MILLER. Conveyed the message strongly that this need be done. I think it may help us in other areas of the world because there are many other countries that at this time in our history may feel we are going to be soft and they can do whatever they may want to. I think it is a great responsibility you have to convey that message.

Mr. KEOGH. Yes, it is. In addition to our news programs in which we cover this as a news story, we will have analyses, discussion programs in which we will use the statements of the President, Secretary of State, Members of Congress, to reinforce the American position in this particular case.

Mr. MILLER. Conveying the message that we did retrieve it and if we do not do this, our ships wouldn't be safe on the high seas?

Mr. KEOGH. Yes, sir.

Mr. MILLER. I am glad that you have that type of operation going where you can express that to the people quickly.

Mr. KEOGH. We think that is a very important part of our operation.

Mr. MILLER. Thank you.

SALARIES AND EXPENSES, SPECIAL FOREIGN CURRENCY PROGRAM

Mr. SLACK. The second item is entitled, "Salaries and expenses—Special foreign currency program." This item is to be found at page 492 of the committee print and beginning at page 1-1 through 13-1 of the justifications which we shall insert at this point in the record.

[The justification pages referred to follow:]

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

Summary of Availability and Obligation Requirements

	<u>Available from prior Years a/</u>	<u>Actual or Estimated Appropriation</u>	<u>Less Comparative Transfer to Dollar Appropriation</u>	<u>Total Obligating Authority</u>	<u>Less Actual or Estimated Obligations</u>	<u>Carryover to Subsequent Years</u>
FISCAL YEAR 1974						
Excess Currency Countries	\$ 2,974,349	\$ 6,000,000	\$ 58,975	\$ 8,915,374	\$ 8,108,109	\$ 807,265
Restricted Currency Countries.	19,681	—	—	19,681	600	19,081
Total, 1974 Actual	2,994,030	6,000,000	58,975	8,935,055	8,108,709	826,346
FISCAL YEAR 1975						
Excess Currency Countries	957,265	8,377,000	—	9,334,265	9,334,265	—
Restricted Currency Countries.	19,081	—	—	19,081	19,081	—
Total, 1975 Estimate	976,346	8,377,000	—	9,353,346	9,353,346	—
FISCAL YEAR 1976						
Excess Currency Countries	150,000	10,708,000	—	10,858,000	10,858,000	—
Restricted Currency Countries.	—	—	—	—	—	—
Total, 1976 Estimate	150,000	10,708,000	—	10,858,000	10,858,000	—

a/ Includes \$356,157 in 1974 and \$150,000 estimated in 1975 and 1976 resulting from the recovery of prior year obligations.

NOTE: An analysis detailing the requirements for funding of programs in 1976 under the Special Foreign Currency appropriation appears with the "Lead-Off Tabular Statement" for the regular Salaries and Expenses appropriation.

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

General Statement

The Agency's special foreign currency appropriation, together with the balances available from prior years, is used for payment of local program expenses in U.S.-owned foreign currencies in those countries where the Treasury Department has determined that the supply of such currencies is excess to the normal requirements of the U.S. Government. For 1975 and 1976, these "excess" countries are Burma, Guinea, India, Pakistan, Poland, Tunisia, and the Arab Republic of Egypt.

In 1974, the costs of local program expenses in Yugoslavia were shifted to the regular dollar appropriation. However, in 1974, a project begun in Yugoslavia in 1973 was completed and paid in local currencies from balances available from prior years. To facilitate a comparison of costs for all three years, these 1974 payments -- totalling \$58,975 -- have been transferred to the "Salaries and Expenses" appropriation.

Restricted currencies, which can be used only for book publishing programs, continue to be available in Greece from prior appropriations. The Agency plans to utilize these funds in 1975 and has not requested any additional amounts of such restricted currencies for 1976.

The 1976 request for the "Special Foreign Currency Program" is for \$10,708,000, an increase of \$2,331,000 over the amount appropriated for 1975. This increase is requested to provide \$826,346 to offset a decrease of prior-year balances available for application in 1976; an increase of \$1,360,071 for overseas wage and cost increases (consisting of \$410,113 for full-year costs of increases effective for part of 1975 and \$949,958 for increases anticipated to take effect in 1976, mainly in India); local employee within grade increases of \$57,919; \$81,292 for renewal of multi-year leases in Pakistan; an increase of six local positions and \$99,441 to establish a post in Alexandria in the Arab Republic of Egypt; and \$109,000 to relocate post facilities in Pakistan from Rawalpindi to Islamabad. These increases are partially offset by net reductions of \$203,069 resulting primarily from the elimination of six local positions in 1976 and non-recurring costs of renovations for the USIS post in Cairo.

In addition, an increase of four positions and \$26,000 is requested in 1976 representing added program support for the proposed increase in the Department of State's Exchange of Persons Program. This increase would be fully offset by an increase in the Department of State's reimbursement to the Agency for this program.

SALARIES & EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)Summary of Direct Obligation Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>USIS Overseas Missions:</u>				
East Asia and Pacific	\$ 184,309	\$ 175,362	\$ 189,700	\$ 14,338
Africa	63,788	57,886	63,200	5,314
North Africa, Near East, and South Asia	6,427,283	7,482,622	8,791,700	1,309,078
West Europe	600	19,081	—	-19,081
Soviet Union and East Europe	251,578	279,812	303,200	23,388
Total, USIS Missions	<u>6,927,558</u>	<u>8,014,763</u>	<u>9,347,800</u>	<u>1,333,037</u>
<u>Media Services:</u>				
Press and Publications Service	12,295	8,100	8,100	—
Information Center Service	69,658	50,807	60,100	9,293
Broadcasting Service	76,480	103,285	105,100	1,815
Total, Media Services	<u>158,433</u>	<u>162,192</u>	<u>173,300</u>	<u>11,108</u>
<u>Program Direction and Other Services</u>	11,999	87,493	57,500	-29,993
<u>Administrative Support</u>	<u>1,010,719</u>	<u>1,088,898</u>	<u>1,279,400</u>	<u>190,502</u>
Total, Direct Obligations (Comparative Basis)	8,108,709	9,353,346	10,858,000	1,504,654
Costs Transferred to Dollar Appropriation	<u>58,975</u>	—	—	—
Total, Direct Obligations	<u>8,167,684</u>	<u>9,353,346</u>	<u>10,858,000</u>	<u>1,504,654</u>
<u>Reconciliation to Appropriation:</u>				
Available from Prior Years	-2,637,873	-826,346	—	826,346
Recovery of Prior Year Obligations	-356,157	-150,000	-150,000	—
Available in Subsequent Years	<u>826,346</u>	—	—	—
Total Appropriation	<u>6,000,000</u>	<u>8,377,000</u>	<u>10,708,000</u>	<u>2,331,000</u>

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

Summary of Local Employee Position Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>USIS MISSIONS:</u>				
East Asia and Pacific	33	33	33	--
Africa	4	4	4	--
North Africa, Near East, and South Asia	635	603	607	4
Soviet Union and East Europe	23	24	24	--
Total, USIS Missions	695	664	668	4
<u>Media Services:</u>				
Information Center Service	1	1	1	--
Broadcasting Service	2	2	2	--
Total, Media Services	3	3	3	--
Total Positions, Gross	698	667	671	4
Deduct Reimbursable Position Equivalents .	-17	-17	-21	-4
Net Positions	681	650	650	--

UNITED STATES INFORMATION AGENCY

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)Summary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975, and 1976

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
10 PERSONNEL COMPENSATION AND BENEFITS								
11 PERSONNEL COMPENSATION								
<u>Full-time Permanent:</u>								
Overseas locals	698.0	\$2,004,700	667.0	\$2,026,316	671.0	\$2,417,161	4.0	\$390,845
Pay above stated annual rate	--	--	--	6,773	--	17,650	--	10,877
Deduct net lapse	-72.3	-349,403	-39.2	-128,079	-35.2	-129,840	4.0	-1,761
Positions abolished during year	3.3	7,758	1.5	4,900	.6	1,954	-.9	-2,946
Sub-total, Net Permanent	629.0	1,663,055	629.3	1,909,910	636.4	2,306,925	7.1	397,015
<u>Positions Other Than Permanent:</u>								
Temporary employment	1.3	4,436	1.3	4,576	1.3	4,576	--	--
Part-time employment	1.0	3,266	.5	1,700	.5	1,700	--	--
Sub-total, Other Positions	2.3	7,702	1.8	6,276	1.8	6,276	--	--
<u>Other Personnel Compensation:</u>								
Overtime and holiday pay	--	54,239	--	43,980	--	44,055	--	75
Night-work differential	--	125	--	357	--	357	--	--
Sub-total, Other Personnel Compensation	--	54,364	--	44,337	--	44,412	--	75
Total, Personnel Compensation (11)	631.3	1,725,121	631.1	1,960,523	638.2	2,357,613	7.1	397,090
12 PERSONNEL BENEFITS								
<u>Allowances:</u>								
Quarters	--	--	--	--	--	4,000	--	4,000
Temporary lodging	--	4,070	--	604	--	1,114	--	510
Transfer	--	3,565	--	3,478	--	3,403	--	-75
Education	--	31,641	--	35,739	--	41,109	--	5,370
Supplementary post	--	646	--	--	--	--	--	--
Sub-total, Allowances	--	39,931	--	39,821	--	49,626	--	9,805

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)
Summary of Personnel Compensation and Other Objects of Expense - Fiscal Years 1974, 1975, and 1976

	1974 Actual		1975 Estimate		1976 Estimate		Increase or Decrease (-)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
<u>12 PERSONNEL BENEFITS - cont'd</u>								
Civil Service Retirement	--	\$ 112,542	--	\$ 127,506	--	\$ 154,568	--	\$ 27,062
Special local benefits	--	17,166	--	27,429	--	27,479	--	50
Total, Personnel Benefits (12) ...	--	169,639	--	194,756	--	231,673	--	36,917
<u>13 BENEFITS FOR FORMER PERSONNEL:</u>								
Severance pay	--	141,417	--	142,920	--	142,920	--	--
Total, Personnel Compensation and Benefits (Gross)	631.3	2,036,177	631.1	2,298,199	638.2	2,732,206	7.1	434,007
Less Reimbursements for Exchange of Persons Program	-16.9	-36,858	-16.9	-37,798	-19.9	-57,417	-3.0	-19,619
Total, Personnel Compensation and Benefits (Net)	614.4	1,999,319	614.2	2,260,401	618.3	2,674,789	4.1	414,388
21 Travel and transportation of persons	--	673,906	--	864,787	--	939,546	--	74,759
22 Transportation of things	--	218,457	--	234,098	--	264,098	--	30,000
23 Rent, communications, and utilities.	--	867,994	--	1,006,431	--	1,278,235	--	271,804
24 Printing and reproduction	--	456,638	--	506,941	--	586,149	--	79,208
25 Other services	--	1,423,876	--	1,707,725	--	1,912,766	--	205,041
25.1 Services of other agencies	--	1,010,719	--	1,088,898	--	1,279,400	--	190,502
26 Supplies and materials	--	1,198,979	--	1,402,246	--	1,613,188	--	208,942
31 Equipment	--	219,500	--	239,819	--	263,829	--	24,010
41 Grants, subsidies, and contributions	--	39,321	--	40,000	--	46,000	--	6,000
Total, Other Objects	--	6,109,390	--	7,092,945	--	8,183,211	--	1,090,266
Grand Total, Direct Obligations ..	614.4	8,108,709	614.2	9,353,346	618.3	10,858,000	4.1	1,504,654

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SPECIAL FOREIGN CURRENCY PROGRAMEAST ASIA AND PACIFIC PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements.....	\$184,309	\$175,362	\$189,700	\$ 14,338

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Ref.General Statement

In Burma, where the supply of U.S. owned currency is excess to normal U.S. Government requirements, all local currency costs of the USIS program are funded from the Special Foreign Currency Program in all three years.

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>POSITIONS:</u>				
Local Employees (Burma).....	33	33	33	—
Deduct Reimbursable Position Equivalents.....	-1	-1	-1	—
Net Positions.....	<u>32</u>	<u>32</u>	<u>32</u>	<u>—</u>

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<u>FUNDS:</u>				
A. <u>Local Employee Compensation and Benefits.....</u>	\$ 71,203	\$ 71,496	\$ 74,734	\$ 3,238
B. <u>Program Activity Costs:</u>				
1. Radio.....	1,543	1,097	1,097	—
2. Press and Publications.....	33,926	30,733	33,333	2,600
3. Motion Picture.....	459	1,188	1,188	—
4. Information Center and Related Activities	28,779	33,677	36,577	2,900
5. Program Direction.....	2,178	2,528	2,728	200
6. Direct Administrative Expenses.....	49,477	38,141	43,741	5,600
Sub-Total, Activity Costs.....	<u>116,362</u>	<u>107,364</u>	<u>118,664</u>	<u>11,300</u>
Total, Funds.....	187,565	178,860	193,398	14,538
C. <u>Deduct Reimbursements.....</u>	<u>-3,256</u>	<u>-3,498</u>	<u>-3,698</u>	<u>-200</u>
Total, Direct Obligations.....	<u>184,309</u>	<u>175,362</u>	<u>189,700</u>	<u>14,338</u>

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SPECIAL FOREIGN CURRENCY PROGRAMEAST ASIA AND PACIFIC PROGRAM

- A. Local Employee Compensation and Benefits (1974 Actual, \$71,203; 1975 Estimate, \$71,496; 1976 Estimate, \$74,734; Increase, \$3,238).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Full-Time Permanent Positions (Burma).....	33	33	33	—
Total Man-Years.....	32.6	30.0	30.0	—
Salary and direct benefit costs.....	\$ 71,203	\$ 71,496	\$ 74,734	\$ 3,238

The increase of \$3,238 provides \$2,963 for within-grade salary increases and \$275 for an additional extra day's pay in 1976.

- B. Program Activity Costs (1974 Actual, \$116,362; 1975 Estimate, \$107,364; 1976 Estimate, \$118,664; Increase, \$11,300).
 1. Radio Activities (1974 Actual, \$1,543; 1975 Estimate, \$1,097; 1976 Estimate, \$1,097; No Change).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Local radio production.....	\$ 1,068	\$ 1,097	\$ 1,097	\$ —
b. Promotion and other costs.....	475	—	—	—
Total.....	1,543	1,097	1,097	—

The 1975 estimate in Burma provides for local production of radio programs, promotion of VOA and other local radio activity costs. No change is proposed for 1976 from the 1975 budgeted amount.

2. Press and Publications Activities (1974 Actual, \$33,926; 1975 Estimate, \$30,733; 1976 Estimate, \$33,333; Increase, \$2,600).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. USIS periodicals.....	\$ 19,418	\$ 14,229	\$ 15,829	\$ 1,600
b. Information placement.....	10,842	12,396	13,396	1,000
c. Pamphlets and leaflets.....	3,666	4,108	4,108	—
Total.....	33,926	30,733	33,333	2,600

SPECIAL FOREIGN CURRENCY PROGRAM

EAST ASIA AND PACIFIC PROGRAM

The estimate for 1975 in Burma provides for (a) the local production and distribution of periodicals; (b) the reception, distribution and maintenance of the Agency-operated Wireless File; and (c) local production and distribution of pamphlets and leaflets.

The increase of \$2,600 in 1976 is requested to provide for anticipated increased costs of services and materials required for these purposes.

3. Motion Picture Activities (1974 Actual, \$459; 1975 Estimate, \$1,188; 1976 Estimate, \$1,188; No Change).
The current year estimate provides for the distribution costs of motion picture programs and materials. No change is proposed for 1976 from the 1975 budgeted amount.
4. Information Center and Related Activities (1974 Actual, \$28,779; 1975 Estimate, \$33,677; 1976 Estimate, \$36,577; Increase, \$2,900).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
a. Book programs.....	\$ 12,502	\$ 13,304	\$ 14,304	\$ 1,000
b. Exhibits.....	13,793	17,055	18,655	1,600
c. Presentations.....	983	120	120	—
d. Cultural activities.....	1,501	3,198	3,498	300
Total.....	28,779	33,677	36,577	2,900

In 1975, as part of its continuing activities, the Agency will (a) translate selected American books into local language editions in Burma; (b) show exhibits produced locally or in the U.S.; (c) distribute presentation materials purchased locally or furnished from the U.S.; and (d) carry out cultural activities.

The increase of \$2,900 in 1976 is requested to provide for anticipated increased costs of services and materials required to continue the book translation and exhibit programs.

5. Program Direction (1974 Actual, \$2,178; 1975 Estimate, \$2,528; 1976 Estimate, \$2,728; Increase, \$200).
This cost category covers travel within the country of the Public Affairs Officer and his staff for the purpose of supervising and directing the various USIS activities, and the procurement of reference books, magazines, and newspapers for staff use.

SPECIAL FOREIGN CURRENCY PROGRAM

EAST ASIA AND PACIFIC PROGRAM

The increase of \$200 in 1976 is requested to provide for anticipated increased costs to cover local purchase of supplies and materials.

6. Direct Administrative Expenses (1974 Actual, \$49,477; 1975 Estimate, \$38,141; 1976 Estimate, \$43,741; Increase, \$5,600).

The current year estimate is for office and residential space costs and for direct administrative expenses in Burma, including local purchase of office and household furniture, supplies and equipment, communications, vehicle maintenance and other similar items.

The increase of \$5,600 in 1976 is requested to provide for anticipated cost increases of office and residential leases, utilities, postage, communications, and supplies and materials.

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EAST ASIA AND PACIFIC PROGRAM

Summary of Requirements - Dollar and Special Foreign Currency Appropriations

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
Domestic.....	18	—	18	17	—	17	17	—	17	—	—	—
Overseas American.....	172	—	172	151	—	151	151	—	151	—	—	—
Local Employees.....	62	33	95	92	33	95	91	33	96	1	—	1
Total Positions.....	1,152	33	1,186	1,086	33	1,086	1,075	33	1,114	1	—	1
Deduct Reimbursable Position Equivalents.....	-39	-1	-39	-39	-1	-40	-40	-1	-41	-1	—	-1
Net Positions.....	1,113	32	1,145	1,041	32	1,073	1,041	32	1,073	—	—	—
FUNDS:												
A. Domestic Employee Compensation and Benefits.....	\$ 402,430	\$ —	\$ 402,430	\$ 441,695	\$ —	\$ 441,695	\$ 449,145	\$ —	\$ 449,145	\$ 7,450	\$ —	\$ 7,450
B. Overseas American Employee Compensation and Benefits.....	5,052,605	—	5,052,605	5,088,757	—	5,088,757	4,933,039	—	4,933,039	-155,718	—	-155,718
C. Local Employee Compensation and Benefits.....	4,691,647	71,203	4,762,850	5,431,020	71,496	5,502,516	6,479,243	74,734	6,553,977	1,048,223	3,238	1,051,661
D. Program Activity Costs:												
1. Radio.....	84,106	1,543	85,649	79,798	1,097	80,895	90,708	1,097	91,895	11,000	—	11,000
2. Press and Publications.....	539,518	33,926	573,444	482,451	30,733	513,184	526,066	33,333	519,399	43,415	2,600	46,215
3. Motion Pictures and Television.....	336,658	459	337,117	305,221	1,188	306,409	312,421	1,188	313,609	7,200	—	7,200
4. Information Centers and Related Activities.....	1,575,847	28,779	1,604,626	1,744,518	33,677	1,778,195	2,050,125	36,577	2,084,702	305,607	2,900	306,527
5. Binational Centers.....	267,694	—	267,694	353,260	—	353,260	707,060	—	707,060	353,800	—	353,800
6. Research.....	19,685	—	19,685	71,616	—	71,616	78,816	—	78,816	7,200	—	7,200
7. Program Direction.....	188,676	2,178	190,854	228,621	2,528	231,149	255,837	2,728	258,585	27,236	200	27,436
8. Direct Administrative Expenses.....	2,250,063	49,477	2,299,540	2,143,509	38,141	2,181,650	2,473,389	43,741	2,517,130	329,880	5,600	335,480
Sub-Total, Activity Costs.....	5,516,494	73,604	5,580,094	5,767,384	5,516,358	6,626,512	118,664	5,613,198	1,085,518	11,300	1,300	11,300
Total, Funds.....	15,408,989	187,565	15,596,454	16,370,466	178,860	16,549,326	18,355,959	193,398	18,549,357	1,985,493	14,538	2,000,031
E. Deduct Reimbursements.....	-487,892	-3,256	-491,148	-518,677	-3,498	-522,175	-555,259	-3,698	-558,957	-36,582	-200	-36,782
Total, Direct Obligations.....	14,921,037	184,309	15,105,346	15,851,789	175,362	16,027,151	17,800,700	189,700	17,990,400	1,948,911	14,338	1,983,249
F. Deduct Proposed Pay Act Supplemental.....	XXXX	XXXX	XXXX	-192,400	—	-192,400	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total, 1975 Enacted Appropriation.....	XXXX	XXXX	XXXX	15,659,389	175,362	15,851,751	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

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EST ASIA AND PACIFIC PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
America.....	16	—	16	17	—	17	17	—	17	—	—	—
Overseas American.....	172	—	172	151	—	151	151	—	151	—	—	—
Local Employees.....	962	33	962	912	33	912	912	33	912	1	—	—
Total, Positions.....	1,152	33	1,152	1,060	33	1,060	1,061	33	1,061	—	—	—
Deduct Reimbursable Position Equivalents.....	79	—	79	79	—	79	79	—	79	—	—	—
Net Positions.....	1,113	32	1,113	1,061	32	1,061	1,061	32	1,061	—	—	—
 <u>COSTS BUDGETED BY COUNTRY:</u>												
Australia.....	\$ 28,487	\$ —	\$ 28,487	\$ 48,330	\$ —	\$ 48,330	\$ 68,412	\$ —	\$ 68,412	\$ 205,732	\$ —	\$ 205,732
Burma.....	34,031	187,565	221,596	36,278	178,860	215,138	39,478	193,398	232,876	3,200	1,534	17,738
China, Republ. of (Taiwan).....	82,890	—	82,890	52,775	—	52,775	65,386	—	65,386	1,611	—	110,611
Hong Kong.....	701,463	—	701,463	660,533	—	660,533	804,307	—	804,307	1,774	—	1,774
Indonesia.....	723,961	—	723,961	6,036	—	6,036	941,792	—	941,792	2,746	—	292,756
Japan.....	3,488,887	—	3,488,887	405,849	—	405,849	4,025,849	—	4,025,849	4,641,923	617,074	616,074
Khmer Republic (Cambodia).....	20,867	—	20,867	19,531	—	19,531	39,822	—	39,822	411	—	291
Korea.....	732,400	—	732,400	8,3,929	—	8,3,929	971,315	—	971,315	121,366	—	127,386
Laos.....	354,949	—	354,949	364,918	—	364,918	421,947	—	421,947	57,029	—	57,029
Malaya.....	370,114	—	370,114	434,913	—	432,913	513,929	—	513,929	81,06	—	81,016
New Zealand.....	152,148	—	152,148	182,764	—	182,764	212,167	—	212,167	29,33	—	29,403
Philippines.....	454,472	—	454,472	499,302	—	499,302	556,935	—	556,935	57,628	—	57,628
Singapore.....	277,889	—	277,889	307,457	—	307,457	347,92	—	347,92	40,735	—	39,735
Thailand.....	1,105,032	—	1,105,032	1,26,368	—	1,26,368	1,220,655	—	1,220,655	44,107	—	96,287
Viet-Nam.....	884,443	—	884,443	907,135	—	907,135	1,203,488	—	1,203,488	29,33	—	59,251
Sub-total, Country Costs.....	10,170,318	187,565	10,357,803	11,099,118	178,860	11,277,978	13,352,423	193,398	13,640,0	2,113,29	14,538	2,168,051
 <u>AREA-WIDE COSTS:</u>												
Domestic Costs.....	494,406	—	494,406	557,564	—	557,564	571,750	—	571,750	14,186	—	14,186
Overseas American Employee Compensation and Benefits.....	74,285	—	74,285	4,713,78	—	4,713,78	4,531,566	—	4,531,566	-182,218	—	-182,218
Sub-total, Area-Wide Costs.....	5,238,691	—	5,238,691	5,271,328	—	5,271,328	5,101,116	—	5,101,116	-165,032	—	-165,032
Total, Funds.....	15,408,929	187,565	15,596,496	16,370,466	178,860	16,549,326	18,355,959	193,398	18,549,217	1,985,493	14,538	2,000,031
Deduct Reimbursements.....	-87,892	-3,256	-91,148	-518,677	-3,498	-522,175	-555,259	-3,698	-555,259	-36,582	-203	-36,582
Total, Direct Obligations.....	14,921,037	184,309	15,105,346	15,851,789	175,362	16,027,151	17,800,730	189,700	17,997,400	1,948,911	14,538	1,963,249
Deduct Proposed Pay Art Supplemental.....	XXXX	XXXX	XXXX	-192,00	—	-192,00	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
TOTAL, 1975 Enacted Appropriation.....	XXXX	XXXX	XXXX	15,659,389	175,362	15,841,751	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

^{a/} Excludes Foreign Service Allowances paid at post, rest and recuperation travel and family visitation travel costs, which are included in country costs.

SPECIAL FOREIGN CURRENCY

AFRICAN PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$ 63,788	\$ 57,886	\$ 63,200	\$ 5,314 <u>00</u>

General Statement

Excess foreign currencies are available for Agency programs in Guinea and regional servicing in Tunis and are utilized to the extent possible to fund local expenses and regional service costs.

The net increase of \$5,314 provides for built-in costs of continuing staff and activities at essentially present levels.

SPECIAL FOREIGN CURRENCYAFRICAN PROGRAMSummary of Requirements

<u>POSITIONS:</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
Local Employees (Guinea)	<u>4</u>	<u>4</u>	<u>4</u>	<u>--</u>	
<u>FUNDS:</u>					
A. Local Employee Compensation and Benefits	\$ 8,098	\$ 11,729	\$ 14,195	\$ 2,466	5-3
B. Program Activity Costs:					
1. Press and Publications	15,634	8,573	8,573	--	5-4
2. Information Center and Related Activities	9,248	6,498	6,498	--	5-5
3. Program Direction	1,824	1,124	1,124	--	5-5
4. Direct Administrative Expenses	28,984	29,962	32,810	2,848	5-5
Sub-total, Activity Costs	<u>55,690</u>	<u>46,157</u>	<u>49,005</u>	<u>2,848</u>	
Total, Direct Obligations	63,788	57,886	63,200	5,314	

SPECIAL FOREIGN CURRENCY

AFRICAN PROGRAM

- A. Local Employee Compensation and Benefits (1974 Actual, \$8,098; 1975 Estimate, \$11,729; 1976 Estimate, \$14,195;
Increase, \$2,466).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	860
Full-time Permanent Positions	4	4	4	--	
Total Man-Years	3.0	3.5	3.5	--	
Salary and Direct Benefit Costs	\$ 8,098	\$ 11,729	\$ 14,195	\$ 2,466	

The increase of \$2,466 in 1976 is requested to provide for an anticipated wage-scale increase in Guinea and an additional extra day's pay in 1976.

SPECIAL FOREIGN CURRENCYAFRICAN PROGRAMB. Program Activity Costs (1974 Actual \$55,590; 1975 Estimate, \$46,157; 1976 Estimate, \$49,005; Increase, \$2,348).

Program activity costs derive from the following: press and publications, information center and related activities, and program direction and direct administrative expenses. The estimates for each of these activities are shown below in detail. (See "USIS Operations and Direction Summary," included in the estimates submitted for the dollar appropriation, for a general description of the nature of each of these activities.)

1. Press and Publications Activities (1974 Actual, \$15,634; 1975 Estimate, \$8,573; 1976 Estimate, \$8,573; No change).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Information Placement	\$ 2,761	\$ 2,761	\$ 2,761	\$ --
b. Pamphlets, Leaflets, and Posters	12,873	5,812	5,812	--
Total	15,634	8,573	8,573	--

This program activity consists of: (a) reception and placement of the Agency's Wireless File and other informational materials with local publications and radio stations and (b) distribution of pamphlets, leaflets, posters, and photo displays.

No change is proposed for 1976 from the 1975 budgeted amount.

SPECIAL FOREIGN CURRENCY

AFRICAN PROGRAM

2. Information Center and Related Activities (1974 Actual, \$9,248; 1975 Estimate, \$6,498; 1976 Estimate, \$6,498; No Change).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Book Programs	\$ 3,976	\$ 1,900	\$ 1,900	\$ --
b. Exhibits	1,257	1,015	1,015	--
c. Cultural Activities	<u>4,015</u>	<u>3,583</u>	<u>3,583</u>	--
Total	9,248	6,498	6,498	--

This program activity consists of: (a) local book translation and distribution costs; (b) local expenses for displaying Agency-produced exhibits and for local production and operation of exhibits; and (c) expenses related to cultural activities, including USIS-sponsored concerts, lectures, classes, conferences, and seminars; promotion of events under the Special Cultural Presentations Program; and support of the U.S. Government's Exchange of Persons Program and of similar privately sponsored programs. No change is proposed for 1976 from the 1975 budgeted amount.

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3. Program Direction (1974 Actual, \$1,824; 1975 Estimate, \$1,124; 1976 Estimate, \$1,124; No Change).

These funds provide for travel by the Public Affairs Officer for the purpose of supervising and directing USIS activities in Guinea and procurement of reference books, magazines, newspapers, and other materials for staff use. No change is proposed for 1976 from the 1975 budgeted amount.

4. Direct Administrative Expenses (1974 Actual, \$28,984; 1975 Estimate, \$29,962; 1976 Estimate, \$32,810; Increase, \$2,848).

These funds provide for (a) rent, utilities and maintenance for office, warehouse, garage, and residential space; and (b) other direct administrative expenses, including local purchase of office furniture and equipment, administrative supplies, and residential furniture and appliances; transportation and communications costs; general vehicle operation and maintenance; and other similar expenses. The increase of \$2,848 will provide for anticipated cost increases in rents, utilities, supplies, and equipment.

AFRICAN PROGRAM

Summary of Requirements

Dollar and Special Foreign Currency Appropriations

	1974 Actuals			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total
POSITIONS:												
A. Domestic	14	--	14	14	--	14	14	--	14	--	--	--
B. Overseas American Employee Compensation and Benefits	2,306,719	--	4,384,018	3,017,002	--	3,131,700	--	3,131,700	--	114,998	--	114,998
C. Local Employee Compensation and Benefits	1,467,957	8,998	1,475,751	1,703,785	11,745	1,715,517	1,008,090	14,195	1,008,090	169,212	2,466	201,578
D. Total Position	3,774	4	4,775	4,775	4	4,775	4,775	4	4,775	--	--	--
Deduct Reimbursable Position Equivalents	-31	--	-31	-31	--	-31	-31	--	-31	--	--	--
Net Positions	444	4	448	448	4	448	448	4	448	--	--	--
FUNDING:												
A. Domestic Employee Compensation and Benefits	\$ 3,09,175	\$ ---	\$ 390,175	\$ 347,055	\$ ---	\$ 397,355	\$ 409,015	\$ ---	\$ 409,015	\$ 11,060	\$ ---	\$ 11,060
B. Overseas American Employee Compensation and Benefits	2,306,719	--	4,384,018	3,017,002	--	3,131,700	--	3,131,700	--	114,998	--	114,998
C. Local Employee Compensation and Benefits	1,467,957	8,998	1,475,751	1,703,785	11,745	1,715,517	1,008,090	14,195	1,008,090	169,212	2,466	201,578
D. Program Activity Costs:												
1. Radio	26,784	--	46,764	33,770	--	33,770	38,515	--	38,515	4,746	--	4,746
2. Press and Publications	410,732	15,634	426,366	415,665	3,572	425,373	412,375	6,573	426,947	55,908	--	55,908
3. Motion Picture and Television	47,366	--	47,366	57,495	--	55,036	53,997	--	53,997	7,751	--	7,751
4. Information Center and Related Activities	247,301	9,248	1,457,132	1,515,132	1,408	1,521,330	1,753,003	6,499	1,755,501	247,871	--	247,871
5. Research	1,791	--	1,791	1,456	--	1,456	1,465	--	1,465	--	--	--
6. Program Direction	115,341	1,384	14,456	139,357	1,144	146,931	128,552	1,124	139,275	8,385	--	8,385
7. Direct Administrative Expenses	115,341	1,384	14,456	1,781,207	20,26	1,699,052	1,655,421	21,310	1,688,271	57,241	1,384	56,159
8. Int'l., Activity Costs												
9. Total, Funds	3,135,146	62,763	3,195,934	3,035,051	57,386	3,093,537	3,446,043	53,100	3,405,493	53,992	5,314	54,300
E. Direct Reimbursements												
1. Total, Direct Obligations	-572,561	--	-572,561	-572,561	--	-572,561	-572,561	--	-572,561	-32,732	--	-32,732
2. Direct Programs Pay As You Go	-10,553	63,358	7,004,571	-10,547	57,000	8,403,733	9,330,100	53,400	9,353,300	904,53	5,314	905,567
F. Direct Programs Pay As You Go												
1. Total, Direct Programs Pay As You Go	XXX	XXX	XXX	-10,300	--	-10,300	XXX	XXX	XXX	XXX	XXX	XXX
2. Total, Direct Programs Pay As You Go	XXX	XXX	XXX	5,206,567	52,956	5,264,433	XXX	XXX	XXX	XXX	XXX	XXX

AFRICA PROGRAM

Incorporation of Costs by Country and Area-Wide Costs

Dollar and Special Foreign Currency Appropriations

POSITIONS:	1/74 actual			1/74 estimate			1/74 estimate			Increase or Decrease (-)		
	Dollar	Foreign	Total	Dollar	Foreign	Total	Dollar	Foreign	Total	Dollar	Foreign	Total
Domestic	1-	--	14	1-	--	14	1-	--	14	--	--	--
Overseas American	93	--	93	91	--	91	72	--	72	92	--	92
Local Employees	264	--	264	272	--	272	306	--	306	264	--	264
Total Positions	355	--	355	472	--	472	479	--	479	31	--	31
Deduct Reimbursable Position Equivalents	-31	--	-31	-31	--	-31	-31	--	-31	--	--	--
Net Positions	324	--	324	441	--	441	448	--	448	324	--	324
COSTS BUDGETED BY COUNTRY:												
Burundi	\$ 40,272	\$ --	\$ 40,272	\$ 40,000	\$ --	\$ 40,000	\$ 30,663	\$ --	\$ 30,663	\$ -10,301	\$ --	\$ -10,301
Cameroun	281,723	\$ --	281,723	288,811	\$ --	288,811	260,593	\$ --	260,593	31,154	\$ --	31,154
Chad	47,767	\$ --	47,767	46,137	\$ --	46,137	38,745	\$ --	38,745	11,152	\$ --	11,152
Dahomey	101,772	\$ --	101,772	102,546	\$ --	102,546	106,299	\$ --	106,299	7,703	\$ --	7,703
Ethiopia	314,943	\$ --	314,943	366,775	\$ --	366,775	374,774	\$ --	374,774	-5,997	\$ --	-5,997
Jab ...	24,794	\$ --	24,794	24,794	\$ --	24,794	24,794	\$ --	24,794	7,768	\$ --	7,768
Ghana	27,794	\$ --	27,794	26,479	\$ --	26,479	25,729	\$ --	25,729	2,950	\$ --	2,950
Guinea	31,265	\$ 41,4	31,265	30,794	\$ 47,174	30,794	30,015	\$ 41,357	30,015	51,348	\$ 7,375	51,348
Ivory Coast	220,000	\$ --	220,000	230,000	\$ --	230,000	235,444	\$ --	235,444	295,943	\$ --	295,943
Kenya	22,977	\$ --	22,977	23,551	\$ --	23,551	27,626	\$ --	27,626	25,365	\$ --	25,365
Liberia	51,598	\$ --	51,598	51,598	\$ --	51,598	74,703	\$ --	74,703	6,209	\$ --	6,209
Libya	15,488	\$ --	15,488	15,550	\$ --	15,550	15,464	\$ --	15,464	557	\$ --	557
Malagasy Republic	201,110	\$ --	201,110	211,571	\$ --	211,571	211,907	\$ --	211,907	19,266	\$ --	19,266
Palau	51,191	\$ --	51,191	55,557	\$ --	55,557	64,755	\$ --	64,755	87,198	\$ --	87,198
Saint	68,027	\$ --	68,027	52,496	\$ --	52,496	53,466	\$ --	53,466	4,990	\$ --	4,990
Morocco	46,762	\$ --	46,762	46,762	\$ --	46,762	46,450	\$ --	46,450	3,320	\$ --	3,320
Niger	41,762	\$ --	41,762	46,362	\$ --	46,362	46,265	\$ --	46,265	3,500	\$ --	3,500
Nigeria	5,049,495	\$ 50,945	5,049,495	770,515	\$ 770,515	4,055,420	4,055,420	\$ 286,865	286,865	286,665	\$ --	286,665
Senegal	50,497	\$ --	50,497	50,071	\$ --	50,071	51,161	\$ --	51,161	7,352	\$ --	7,352
Sierra Leone	61,452	\$ --	61,452	77,323	\$ --	77,323	79,504	\$ --	79,504	7,501	\$ --	7,501
South Africa	121,475	\$ --	121,475	121,475	\$ --	121,475	121,489	\$ --	121,489	7,352	\$ --	7,352
Tanzania	22,566	\$ --	22,566	20,904	\$ --	20,904	23,542	\$ --	23,542	3,976	\$ --	3,976
Togo	26,098	\$ --	26,098	26,365	\$ --	26,365	27,148	\$ --	27,148	6,763	\$ --	6,763
Uganda	51,644	\$ --	51,644	51,644	\$ --	51,644	112,371	\$ 145,578	112,371	15,159	\$ 15,159	\$ 15,159
Vietnam	1,401,411	\$ 1,401,411	1,401,411	1,401,411	\$ --	1,401,411	1,401,411	\$ --	1,401,411	4,452	\$ --	4,452
Yemen Republic	56,124	\$ --	56,124	56,124	\$ --	56,124	56,124	\$ --	56,124	2,536	\$ --	2,536
Zambia	27,72	\$ 27,72	27,72	25,290	\$ 25,290	25,290	26,261	\$ 26,261	26,261	4,525	\$ 4,525	\$ 4,525
Sub-total, Country costs	4,711,12	\$ 41,496	4,711,51	5,611,767	\$ 47,174	5,619,9211	5,211,227	\$ 5,468	5,211,227	501,480	\$ 534	501,480
AREA-WIDE COSTS:												
Domestic employees compensation and benefits	316,175	\$ --	316,175	319,455	\$ --	319,455	409,115	\$ --	409,115	11,047	\$ --	11,047
Overseas American employee compensation and benefits	1,574,963	\$ 1,574,963	1,574,963	1,574,963	\$ --	1,574,963	1,747,195	\$ --	1,747,195	75,881	\$ --	75,881
African Regional Services (partial)	397,425	\$ 397,425	397,425	422,425	\$ --	422,425	470,971	\$ --	470,971	45,571	\$ --	45,571
African Regional Services (full)	21,552	\$ 21,552	21,552	21,552	\$ --	21,552	12,712	\$ 10,712	12,712	---	\$ --	---
Other Regional Services	2,432	\$ 2,432	2,432	2,432	\$ --	2,432	326,860	\$ 326,860	326,860	---	\$ --	---
Subtotal, Area-wide Costs	5,045,533	\$ 5,045,533	5,045,533	5,045,533	\$ --	5,045,533	5,212,491	\$ 5,468	5,212,491	254,938	\$ 254,938	\$ 254,938
Total, Funds	5,612,446	\$ 1,746	5,612,446	5,055,15	\$ 17,68	5,055,15	7,444,043	\$ 10,405,363	7,444,043	5,124	\$ 94,300	\$ 94,300
Deduct Reimbursements	5,612,446	\$ 1,746	5,612,446	5,055,15	\$ 17,68	5,055,15	7,444,043	\$ 10,405,363	7,444,043	5,124	\$ 94,300	\$ 94,300
Total, Liased Obligations	5,612,446	\$ 1,746	5,612,446	5,055,15	\$ 17,68	5,055,15	7,444,043	\$ 10,405,363	7,444,043	5,124	\$ 94,300	\$ 94,300
Deduct Prepaid Payroll, Discrepancy	424	\$ 424	424	424	\$ 424	424	11,100	\$ 11,100	11,100	424	\$ 424	\$ 424
Total, 1/75 enacted appropriation	5,612,446	\$ 1,746	5,612,446	5,055,15	\$ 17,68	5,055,15	7,444,043	\$ 10,405,363	7,444,043	5,124	\$ 94,300	\$ 94,300

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Increase or Decrease (-)</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	
Summary of Requirements.....	\$6,427,283	\$7,482,622	\$8,791,700	\$1,309,078

General Statement

Excess foreign currencies are available for Agency programs in the Arab Republic of Egypt, India, Pakistan and Tunisia. In these countries, all local costs for Agency program activities are funded from local currencies.

This budget proposes a net increase of \$1,309,078 in 1976. The principal increases are requested for built in local employee wage scale and general price increases; renewal of multi-year leases in Pakistan due in 1976; relocation of post facilities in Pakistan from Rawalpindi to Islamabad; and completion costs for renovation of the USIS center in Cairo, Arab Republic of Egypt. Increases are also requested for the reopening of a center in Alexandria, Arab Republic of Egypt, and for added support related to the proposed increase in the Department of State's Exchange of Persons Program.

The above increases are partially offset by non-recurring costs associated with renovation of the Cairo Center in the Arab Republic of Egypt; savings resulting from the elimination of seven positions in 1975 and six positions in 1976; and increased exchange program reimbursements from the Department of State.

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)	Page Ref.
POSITIONS:					
Local Employees.....	635	603	607	4	6-4
Deduct Reimbursable Position Equivalents.....	-13	-13	-17	-4	
Net Positions.....	<u>622</u>	<u>590</u>	<u>590</u>	--	
FUNDS:					
A. <u>American Employee Foreign Service Allowances...</u>	\$ 63,189	\$ 67,834	\$ 81,013	\$ 13,179	6-3
B. <u>Local Employee Compensation and Benefits.....</u>	1,834,840	2,069,636	2,470,291	400,655	6-3
C. <u>Program Activity Costs:</u>					
1. Radio.....	66,971	71,944	82,824	10,880	6-4
2. Press and Publications.....	1,399,852	1,631,315	1,883,493	252,178	6-5
3. Motion Pictures and Television.....	63,254	93,732	108,686	14,954	6-5
4. Information Center and Related Activities..	1,757,764	2,027,122	2,402,425	375,303	6-6
5. Research.....	7,562	7,714	7,714	--	6-6
6. Program Direction.....	282,667	323,853	359,883	36,030	6-7
7. Direct Administrative Expenses.....	1,011,720	1,250,886	1,485,785	234,899	6-7
Sub-total, Activity Costs.....	<u>4,589,790</u>	<u>5,406,566</u>	<u>6,330,810</u>	<u>924,244</u>	
Total, Funds.....	6,487,819	7,544,036	8,882,114	1,338,078	
D. <u>Deduct Reimbursements.....</u>	-60,536	-61,414	-90,414	-29,000	
Total, Direct Obligations.....	<u>6,427,283</u>	<u>7,482,622</u>	<u>8,791,700</u>	<u>1,309,078</u>	

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

A. American Employee Foreign Service Allowances (1974 Actual, \$63,189; 1975 Estimate, \$67,834; 1976 Estimate, \$81,013; Increase, \$13,179).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
1. Foreign Service Allowances.....	\$ 39,888	\$ 37,486	\$ 47,666	\$ 10,180
2. Rest and Recuperation travel.....	23,301	30,348	33,347	2,999
Total.....	63,189	67,834	81,013	13,179

The increase of \$13,179 will provide \$4,000 for quarters allowance related to the proposed increase in the Department of State's Exchange of Persons Program, and \$9,179 for anticipated cost increases for continuing programs.

B. Local Employee Compensation and Benefits (1974 Actual, \$1,834,840; 1975 Estimate, \$2,069,636; 1976 Estimate \$2,470,291; Increase, \$400,655).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Full-time Permanent Positions.....	635	603	607	4
Man-Years.....	573.8	573.4	580.2	6.8
Salary and direct benefit costs.....	\$1,834,840	\$2,069,636	\$2,470,291	\$ 400,655

The increase of \$400,655 is requested to provide:

- a. \$22,129 for full-year costs of within-grade increases and promotions effective for part of 1975 for local employees;
- b. \$39,566 for within-grade increases and promotions in 1976;
- c. \$311,120 for local employee wage-scale increases, consisting of \$79,628 for full-year costs of increases effective for part of 1975 and \$231,492 for increases anticipated in 1976;
- d. \$13,803 for full-year costs of positions added in 1975 and funded for part of the year;
- e. \$10,112 for an additional extra day's pay in 1976;
- f. \$15,041 for six positions added in 1976 for the new program in Alexandria, Arab Republic of Egypt; and
- g. \$11,619 for the addition of four positions in 1976 related to the proposed increase in the Department of State's Exchange of Persons Program;

The above increases are partially offset by full-year savings of \$5,233 resulting from a reduction of seven positions in 1975 and a savings of \$17,502 resulting from a reduction of six positions in 1976.

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

Summary of Local Positions

<u>Country</u>	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
Arab Republic of Egypt.....	17	26	34	8
India.....	424	395	391	-4
Pakistan.....	166	154	154	--
Tunisia.....	28	28	28	--
Total, Positions.....	635	603	607	4

C. Program Activity Costs (1974 Actual, \$4,589,790; 1975 Estimate, \$5,406,566; 1976 Estimate, \$6,330,810; Increase \$924,244).

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Program activity costs derive from the following: radio, press and publications, motion pictures and television, information centers and related activities, program direction and direct administrative expenses. The estimates for these activities are shown below in detail.

1. Radio Activities (1974 Actual, \$66,971; 1975 Estimate, \$71,944; 1976 Estimate, \$82,824; Increase \$10,880).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Local radio production.....	\$44,324	\$47,684	\$54,837	\$ 7,153
b. Adaptation and placement.....	9,167	11,697	13,452	1,755
c. Promotion and other costs.....	13,480	12,563	14,535	1,972
Total.....	66,971	71,944	82,824	10,880

This program activity consists of: (a) adaptation and placement of US-produced radio programs; and (b) promotion of VOA and other radio costs, including local purchase of radio supplies and equipment. The increase of \$10,880 provides for anticipated cost increases for contractual services and procurement of supplies and materials.

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

2. Press and Publications Activities (1974 Actual, \$1,399,852; 1975 Estimate, \$1,631,315; 1976 Estimate, \$1,883,493; Increase, \$252,178).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. USIS periodicals.....	\$ 967,195	\$1,167,525	\$1,343,695	\$ 176,170
b. Information placement.....	195,735	255,090	299,634	44,544
c. Pamphlets and leaflets.....	236,922	208,700	240,164	31,464
Total.....	<u>1,399,852</u>	<u>1,631,315</u>	<u>1,883,493</u>	<u>252,178</u>

This program activity consists of (a) production and distribution of three major publications in India and Pakistan; (b) reception and placement of the Agency's Wireless File and other informational materials with local publications and radio and television stations; and (c) distribution of pamphlets, leaflets, posters and photo displays.

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The increase of \$252,178 will provide for anticipated cost increases in paper, supplies, and related printing contracts and services in India (\$238,142), Pakistan (\$12,985) and Tunisia (\$1,051).

3. Motion Picture and Television Activities (1974 Actual, \$63,254; 1975 Estimate, \$93,732; 1976 Estimate, \$108,686; Increase, \$14,954).

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Overseas production and adaptation.....	\$ 10,328	\$ 16,261	\$ 19,024	\$ 2,763
b. Distribution costs.....	52,926	77,471	89,662	12,191
Total.....	<u>63,254</u>	<u>93,732</u>	<u>108,686</u>	<u>14,954</u>

The program activity consists of: local television and film production in India and Pakistan; and adaptation and placement of Agency-supplied materials. The increase of \$14,954 will provide for anticipated cost increases for services and materials in India and Pakistan.

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

4. Information Center and Related Activities (1974 Actual, \$1,757,764; 1975 Estimate, \$2,027,122; 1976 Estimate, \$2,402,425; Increase, \$375,303).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Information center operations.....	\$ 922,384	\$1,073,851	\$1,312,315	\$ 238,464
b. Book translations.....	414,283	436,850	502,738	65,888
c. Exhibits.....	58,136	73,792	87,939	14,147
d. Presentations.....	33,637	33,324	43,250	9,926
e. Cultural activities.....	329,324	409,305	456,183	46,878
Total	1,757,764	2,027,122	2,402,425	375,303

This program activity consists of: (a) operating and space costs of information centers in Arab Republic of Egypt, India, Pakistan, and Tunisia; (b) local book translation and distribution costs; (c) local expenses for displaying Agency-produced exhibits and for local production and operation of exhibits; (d) local purchase of books and other informational materials for presentation to carefully selected government officials, educators, opinion leaders, schools and other groups and institutions; and (e) expenses related to cultural activities, including USIS-sponsored concerts, lectures, classes, conferences, and seminars, promotion of events under the Special Cultural Presentations Program; and support of the Department of State's Exchange of Persons Program and of similar privately-sponsored programs.

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The net increase of \$375,303 results from:

- a. \$109,000 to fund the relocation of USIS facilities from Rawalpindi to Islamabad;
- b. \$75,602 for two rental renewals in Pakistan;
- c. \$55,000 for local purchase of equipment and decorating cost associated with the establishment of a center in Alexandria, Arab Republic of Egypt;
- d. \$29,000 for completion costs of the renovation of the Center in Cairo, Arab Republic of Egypt;
- e. \$94,000 for anticipated cost increases in rents and utilities of USIS facilities; and
- f. \$202,701 for other anticipated cost increases for continuing programs.

These increases are partially offset by non-recurring costs of \$190,000 for the renovation of the USIS facility in Cairo, Arab Republic of Egypt.

5. Research Activities (1974 Actual, \$7,562; 1975 Estimate \$7,714; 1976 Estimate, \$7,714; No Change).

These funds provide for basic and operational research studies, local purchase of research materials, and travel. No change is proposed for 1976 from the 1975 budgeted amount.

SPECIAL FOREIGN CURRENCY PROGRAM

North Africa, Near East and South Asia Program

6. Program Direction (1974 Actual, \$282,667; 1975 Estimate, \$323,853; 1976 Estimate, \$359,883; Increase \$36,030).

These funds provide for international travel to or through countries in the area where payment can be made in excess foreign currencies; travel within the country of the Public Affairs Officer and his staff for the purpose of supervising and directing the various USIS activities; and the procurement of reference books, magazines, and newspapers for staff use.

The increase of \$36,030 will provide \$30,000 for the anticipated increase in international air fares; \$4,902 for other cost increases; and \$1,128 for increased support related to the proposed increase in the Department of State's Exchange of Persons Program.

7. Direct Administrative Expenses (1974 Actual, \$1,011,720; 1975 Estimate, \$1,250,886; 1976 Estimate, \$1,485,785; Increase, \$234,899).

These funds provide for office, residential, warehouse and garage space costs and for other miscellaneous administrative expenses, including local purchase of office furniture, supplies and equipment, transportation, communications, and similar expenses.

The increase of \$234,899 will provide:

- a. \$89,226 for increased costs of office and residential lease renewals and utilities;
- b. \$19,400 for residential costs associated with the proposed new position for Alexandria, Arab Republic of Egypt and for related administrative supplies and materials for this facility;
- c. \$9,253 for increased support related to the proposed increase in the Department of State's Exchange of Persons Program; and
- d. \$117,020 for projected cost increases for postage, communications, supplies and materials.

NORTH AFRICA, NEAR EAST AND SOUTH ASIA PROGRAM

Summary of Requirements - Dollar and Foreign Currency Appropriation

	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
POSITIONS:												
Domestic.....	18	--	18	18	--	18	18	--	18	--	--	--
Overseas Americans.....	126	--	126	130	--	130	132	--	132	2	--	2
Local Employees.....	394	635	1,029	392	603	995	396	607	1,003	4	4	6
Total Position.....	538	635	1,173	540	603	1,143	546	607	1,153	6	4	10
Deduct Reimbursable Position Equivalents.....	-21	-13	-34	-21	-13	-34	-28	-17	-45	-7	-6	-11
Net Positions.....	517	622	1,139	519	590	1,109	518	590	1,108	-1	--	-1
FUNDS:												
A. Domestic Employee Compensation and Benefits.....	\$ 463,030	\$ --	\$ 463,030	\$ 435,319	\$ --	\$ 435,319	\$ 447,794	\$ --	\$ 447,794	\$ 12,475	\$ --	\$ 12,475
B. American Employee Compensation and Benefits.....	5,734,956	63,189	5,798,145	4,063,974	67,834	4,131,808	4,319,808	81,013	4,400,821	255,834	13,179	269,013
C. Local Employee Compensation and Benefits.....	1,614,632	1,834,840	3,449,472	1,952,320	2,069,636	4,021,956	2,406,079	2,470,291	4,875,370	453,759	400,655	854,416
D. Program Activity Costs:												
1. Radio.....	5,578	65,971	72,549	9,599	71,944	81,543	9,599	82,824	92,423	--	10,880	10,880
2. Press and Publications.....	184,398	1,399,852	1,584,250	223,046	1,631,315	1,854,361	266,568	1,883,493	2,150,061	43,527	252,178	295,700
3. Motion Picture and Television.....	20,999	63,254	84,253	26,551	93,732	120,283	29,267	108,686	137,953	2,716	14,954	17,670
4. Information Center and Related Activities.....	753,869	1,757,764	2,511,633	1,047,533	2,027,122	3,074,655	1,362,729	2,402,423	3,765,154	315,196	375,303	690,499
5. Binational Centers.....	169,495	--	169,495	161,920	--	163,020	164,470	--	164,470	21,450	--	21,450
6. Research.....	1,103	7,562	13,667	6,438	7,714	12,152	6,438	7,714	12,152	--	--	--
7. Program Direction.....	109,41	282,667	383,081	152,085	323,853	475,938	170,373	359,883	530,256	18,288	36,030	54,318
8. Direct Administrative Expenses:												
Sub-Total, Activity Costs.....	1,259,064	1,011,720	2,270,784	1,309,599	1,250,886	2,560,485	1,736,822	1,485,785	3,222,657	427,273	234,899	662,172
Total, Purde.....	2,500,172	4,589,790	7,089,912	2,915,871	5,406,566	8,122,437	3,744,316	6,330,810	10,075,126	828,445	924,264	1,752,689
E. Deduct Reimbursements.....	8312,740	6 487,819	14,800,559	9,367,484	7,544,036	16,911,520	10,917,997	8,882,114	19,800,111	1,550,513	1,338,078	2 888,591
Total Direct Obligations.....	-351,924	-60,536	-412,460	-348,169	-61,414	-409,583	-462,697	-90,414	-553,111	-116,528	-29,000	-143,528
F. Deduct Proposed Inv Act Supplemental.....	7,960,816	6,427,283	14,388,099	9,019,315	7,482,622	16,501,917	10,455,300	8,791,700	19,247,000	1,435,985	1,309,078	2,745,063
Total, 1975 Enacted Appropriations....	xxx	xxx	xxx	-165,000	--	-165,000	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	8,854,315	7,482,622	16,336,937	xxx	xxx	xxx	xxx	xxx	xxx

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NORTH AFRICA, NEAR EAST AND SOUTH ASIA PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

POSITIONS:	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total
Domestic.....	18	--	18	18	--	18	18	--	18	--	--	--
Overseas Americans.....	126	--	126	130	--	130	132	--	132	2	--	2
Local Employees.....	394	635	1,029	392	603	995	396	607	1,003	4	4	8
Total Positions.....	538	635	1,173	540	603	1,143	546	607	1,153	6	6	10
Deduct Reimbursable Position Equivalents.....	-21	-13	-34	-21	-13	-34	-28	-17	-45	-7	-6	-11
Net Positions.....	517	622	1,139	519	590	1,109	518	590	1,108	-1	--	-1
COSTS BUDGETED BY COUNTRY:												
Afghanistan.....	\$ 176,697	\$ --	\$ 176,697	\$ 201,653	\$ --	\$ 201,653	\$ 239,320	\$ --	\$ 239,320	\$ 37,667	\$ --	\$ 37,667
Algeria.....	101,615	101,615	112,425	112,425	229,943	229,943	229,943	229,943	229,943	117,518	--	117,518
Arab Republic of Egypt.....	7,501	91,772	99,273	58,831	356,570	415,401	117,632	334,343	451,875	58,801	-22,227	36,574
Bangladesh.....	325,236	--	325,236	336,413	--	336,413	392,891	--	392,891	56,678	--	56,678
India.....	54,161	4 941 297	4,995,458	57,766	5,540,865	5,598,611	68,619	6,415,333	6,433,752	10,412	874,468	885,141
Iran.....	943,212	--	943,212	1,063,426	--	1,063,426	1,299,595	--	1,299,595	236,169	--	236,169
Israel.....	427,056	--	427,056	518,814	--	518,814	681,970	--	681,970	163,156	--	163,156
Jordan.....	156,185	--	156,185	188,383	--	188,383	410,100	--	410,100	221,717	--	221,717
Kuwait.....	136,342	--	136,342	134,287	--	134,287	159,533	--	159,533	25,266	--	25,266
Lebanon.....	329,489	--	329,489	403,397	--	403,397	470,150	--	470,150	66,753	--	66,753
Morocco.....	541,452	--	541,452	533,560	--	533,560	599,236	--	599,236	65,676	--	65,676
Nepal.....	65,564	--	65,564	156,646	--	156,646	180,273	--	180,273	25,161	--	25,161
Pakistan.....	65,501	800 387	864,888	146,838	931,118	1,077,956	182,950	1 331,000	1,513,950	36,112	399,882	435,996
Saudi Arabia.....	237,602	--	237,602	275,232	--	275,232	375,238	--	375,238	100,006	--	100,006
Sri Lanka.....	204,430	--	204,430	246,243	--	246,243	235,140	--	235,140	-13,103	--	-13,103
Sudan.....	180,879	--	180,879	176,554	--	176,554	231,796	--	231,796	53,240	--	53,240
Syria.....	--	--	--	168,000	--	168,000	167,700	--	167,700	-817	--	-817
Tunisia.....	35,142	304,532	339,676	38,334	324,516	362,868	41,470	370,469	411,939	3,136	45,955	49,091
United Arab Emirates.....	--	--	--	106,950	--	106,950	143,196	--	143,196	36,246	--	36,246
Yemen Arab Republic.....	35,626	--	35,626	42,525	--	42,525	50,655	--	50,655	8,130	--	8,130
Arab Regional Program (Beirut).....	69,584	--	69,584	53,097	--	53,097	65,962	--	65,962	17,885	--	17,885
Regional Program (London).....	34,365	--	34,365	32,794	--	32,794	39,050	--	39,050	6,256	--	6,256
Sub-total. Country Costs.....	4,217,719	6,137,988	10,355,707	5,054,614	> 153,067	12,207,681	6,381,700	8,451,145	14,832,845	1,327,086	1,298,078	2,625,164
AREA-WIDE COSTS:												
Domestic Costs.....	503,626	--	503,626	494,619	--	494,619	513,094	--	513,094	18,475	--	18,475
American Employee Compensation and Benefits/ ^a	3,640,210	--	3,640,210	3,449,077	--	3,449,077	3,749,077	3,954,029	3,954,029	204,952	--	204,952
Regional Services.....	151,185	349,831	501,016	69,174	390,969	460,143	69,174	430,969	500,143	--	40,000	40,000
Sub-total. Area-Wide Costs.....	4,095,021	349,831	4,444,852	4,312,870	390,969	4,703,839	4,536,297	430,969	4,967,266	223,427	40,000	263,427
Total, Funds.....	8,312,740	6,487,819	14,800,559	9,367,486	7,544,036	16,911,520	10,917,997	8,882,114	19,800,111	1,550,513	1,338,078	2,888,591
Defacto Reimbursement.....	-351,924	-60,536	-412,460	-348,169	-61,414	-409,583	-462,497	-90,414	-553,192	-116,528	-29,000	-143,528
Total Direct Obligations.....	7,960,816	6,427,283	14,388,069	9,019,315	7,482,622	16,501,937	10,435,300	8,791,700	19,247,000	1,435,985	1,309,078	2,765,063
Defacto Proposed Pay Act Supplemental.....	xxx	xxx	xxx	-165,000	--	-165,000	xxx	xxx	xxx	xxx	xxx	xxx
Total, 1975 Enacted Appropriations.....	xxx	xxx	xxx	8,852,315	7,482,622	16,316,937	10,435,300	8,791,700	19,247,000	1,435,985	1,309,078	2,765,063

^a Excludes Foreign Service Allowances paid at post which are included in country costs.

SPECIAL FOREIGN CURRENCY PROGRAM

WEST EUROPEAN PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$ 600	\$ 19,081	\$ —	\$-19,081

General Statement

The West European Special Foreign Currency Program is comprised of restricted-use Greek drachmas which are only available for payment of book translations costs in Greece.

In 1975, the remaining \$19,081 available in this restricted foreign currency account will be used, thus closing out the activity.

SPECIAL FOREIGN CURRENCY PROGRAM

SOVIET UNION AND EAST EUROPEAN PROGRAM

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$251,578 ^{a/}	\$279,812	\$303,200	\$23,388

General Statement

The Agency utilizes excess foreign currencies to finance all local currency costs of Agency operations in Poland. The 1976 request for this program totals \$303,200, which provides an increase of \$23,388 for built-in wage and cost increases to continue the staff and program activities at the 1975 level.

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^{a/} Excludes \$58,975 in 1974 for operations in Yugoslavia transferred to the Dollar Appropriation for comparability in the estimates.

SPECIAL FOREIGN CURRENCY PROGRAM

SOVIET UNION AND EAST EUROPEAN PROGRAM

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>	<u>Page Ref.</u>
<u>POSITIONS:</u>					
Local Positions	23	24	24	--	
Deduct Reimbursable Position Equivalents	-3	-3	-3	--	
Net Positions	20	21	21	--	
<u>FUNDS:</u>					
A. <u>Local Employee Compensation and Benefits</u>	\$ 68,588	\$ 90,577	\$106,230	\$ 15,653	8-3
B. <u>Program Activity Costs:</u>					
1. Press and Publications Activities	6,794	10,955	10,955	--	8-4
2. Motion Picture and Television Activities	3,233	4,123	4,123	--	8-4
3. Information Center and Related Activities	34,159	51,433	53,149	1,716	8-5
4. Program Direction	57,552	56,758	62,251	5,493	8-5
5. Direct Administrative Expenses	95,460	81,054	82,380	1,326	8-6
Sub-total, Activity Costs	197,198	204,323	212,858	8,535	
Total, Fun's	265,786	294,900	319,088	24,188	
C. <u>Deduct Reimbursements</u>	-14,208	-15,088	-15,888	-800	
D. <u>Add Net Costs Transferred to the Dollar Appropriation</u>	251,578	279,812	303,200	23,388	
Total, 1974 Direct Obligations	<u>58,975</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	
	<u>310,553</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	

SPECIAL FOREIGN CURRENCY PROGRAM
SOVIET UNION AND EAST EUROPEAN PROGRAM

- A. Local Employee Compensation and Benefits (1974 Actual, \$68,588; 1975 Estimate, \$90,577; 1976 Estimate, \$106,230; Increase, \$15,653).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Positions	23	24	24	—
Man-Years	18.4	21.2	21.5	+.3
Salary and direct benefits costs	\$68,588	\$ 90,577	\$106,230	\$15,653

The increase of \$15,653 in 1976 is requested to provide:

- a. \$11,407 for wage scale increases including \$4,306 for full year costs of the 1975 increase and \$7,101 for increases anticipated in 1976;
- b. \$703 for the full year cost of 1975 promotions;
- c. \$2,186 for within-grade salary increases;
- d. \$1,011 for the full year costs of a position added in 1975; and
- e. \$346 for one extra day's pay in 1976.

Compensation and direct benefit costs described above provide for local positions in Poland:

<u>Country</u>	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Poland	23	24	24	—

SPECIAL FOREIGN CURRENCY PROGRAM

SOVIET UNION AND EAST EUROPEAN PROGRAM

B. Program Activity Costs (1974 Actual, \$197,198; 1974 Estimate, \$204,323; 1976 Estimate, \$212,858; Increase, \$8,535).

Program activity costs derive from the following: press and publications, motion picture and television activities, information centers and related activities, program direction, and direct administrative expenses. The estimates for each of these activities are shown below in detail.

1. Press and Publications Activities (1974 Actual, \$6,794; 1975 Estimate, \$10,955; 1976 Estimate, \$10,955; No Change).

Press and publications activities consist of the following:

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
a. Information placement	\$1,742	\$ 3,382	\$ 3,382	\$ --
b. Periodicals	504	4,346	4,346	--
c. Pamphlets and leaflets	4,548	3,227	3,227	--
Total	6,794	10,955	10,955	--

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These funds provide for translating and mailing of Agency periodicals; costs related to the reception and distribution of the wireless file; and postage and other services related to the placement of information materials. No change is proposed in 1976.

2. Motion Picture and Television Activities (1974 Actual, \$3,233; 1975 Estimate, \$4,123; 1976 Estimate, \$4,123; No Change).

Motion picture and television activities cover the adaptation and distribution of Agency films, and joint television production with local television networks. No change is proposed in 1976.

SPECIAL FOREIGN CURRENCY PROGRAM

SOVIET UNION AND EAST EUROPEAN PROGRAM

3. Information Center and Related Activities (1974 Actual, \$34,159; 1975 Estimate, \$51,433; 1976 Estimate, \$53,149; Increase, \$1,716).

Information Center and related activities consist of the following:

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
a. Information center operations	\$12,468	\$ 25,425	\$ 26,603	\$ 1,178
b. Exhibits	4,060	4,260	4,260	—
c. Presentations	1,560	1,572	1,572	—
d. Cultural activities	11,731	14,649	15,187	538
e. English teaching	4,340	5,527	5,527	—
Total	34,159	51,433	53,149	1,716

In the current year, information center and related activities cover the operation of libraries in Warsaw and Poznan, and information support to the Krakow Poland Consulate. Funds included in this activity provide for rents and maintenance of the facilities, purchase and distribution of presentation materials, locally produced exhibits, English teaching activities, local support to the Exchange of Persons Program, lecture and seminar programs, and other cultural activities.

The increase of \$1,716 in 1976 is requested for anticipated price increases in local information center support contract costs.

4. Program Direction (1974 Actual, \$57,552; 1975 Estimate, \$56,758; 1976 Estimate, \$62,251; Increase, \$5,493).

The current year estimate covers international travel where payment can be made in excess currencies; the cost of travel within the country; and the local purchase of books, magazines, and newspapers for reference purposes. The increase of \$5,493 is for anticipated rate increases in international and local air fares.

SPECIAL FOREIGN CURRENCY PROGRAM

SOVIET UNION AND EAST EUROPEAN PROGRAM

5. Direct Administrative Expenses (1974 Actual, \$95,460; 1975 Estimate, \$81,054; 1976 Estimate, \$82,380; Increase, \$1,326).

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Current year funds are for rent, utilities, and maintenance and repair of residential space; and for other direct administrative expenses including repair of office equipment, telephone and janitorial services, transportation costs, postage, operation and maintenance of vehicles, and miscellaneous supplies and materials.

The increase of \$1,326 in 1976 is requested for anticipated price increases in utility rates and administrative contractual services.

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SOVIET UNION AND EAST EUROPEAN PROGRAM

Summary of Requirements - Dollar and Special Foreign Currency Appropriations

POSITIONS	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)		
	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total	Dollars	For. Curr.	Total
Domestic	15	—	15	15	—	15	15	—	15	—	—	—
Overseas Americans	59	—	59	61	—	61	62	—	62	1	—	1
Local Employees	152	23	175	151	24	175	151	24	175	—	—	—
Total Positions	226	23	249	227	24	231	228	24	232	1	—	1
Direct Reimbursable Position Equivalents	-16	-3	-19	-17	-3	-20	-17	-3	-20	—	—	—
Net Positions	210	20	230	210	21	231	211	21	232	1	—	1
FUNDS:												
A. Domestic Employee Compensation and Benefits \$ 322,341 \$ — 8 322,341 \$ 356,880 \$ — 8 356,880 \$ 367,034 \$ — 8 367,034 \$ 10,154 \$ — 8 10,154												
B. American Employee Compensation and Benefits 1,535,081 — 1,535,081 1,682,081 — 1,682,081 1,768,829 — 1,768,829 86,828 — 86,828												
C. Local Employee Compensation and Benefits .. 96,747.70 68,588 1,026,058 1,175,546 90,577 1,206,123 1,400,487 106,230 1,386,717 224,361 15,653 240,594												
D. Program Activity Costs:												
1. Press and Publications 249,638 6,794 256,432 238,231 10,955 249,186 266,525 10,955 277,480 28,294 — 28,294												
2. Motion Pictures and Television 7,831 3,233 11,064 4,765 4,123 8,868 4,765 4,123 8,868 — — —												
3. Infra. Centers and Related Activities .. 672,512 34,159 706,671 624,577 51,453 676,010 752,325 53,149 805,474 127,713 1,725 129,454												
4. Program Direction .. 91,289 57,552 148,841 97,697 56,759 154,455 111,508 62,251 175,799 13,811 5,493 19,304												
5. Direct Administrative Expenses 845,284 65,450 910,734 644,978 51,054 925,922 643,492 52,380 921,872 4,222 1,226 5,922												
Sub-total, Activity 1,570,254 197,198 1,767,452 1,610,123 204,323 1,624,472 1,584,396 212,858 1,797,454 174,448 6,535 182,983												
E. Total, Funds 4,375,146 265,786 4,640,932 4,624,575 294,900 4,919,475 5,120,946 319,088 5,440,034 496,371 24,188 520,559												
F. Direct Reimbursements	-251,136	-36,208	-277,344	-370,100	-15,088	-345,188	-348,946	-15,088	-346,834	-18,816	-800	-37,646
Total, Direct Obligations (Com. Basis) 4,050,010 251,578 4,301,588 4,294,475 279,812 4,574,287 4,772,000 303,200 5,075,200 477,585 23,388 500,913												
G. Deduct Proposed Pay Act Supplemental	XXX	XXX	XXX	-73,700	—	-73,700	XXX	XXX	XXX	XXX	XXX	XXX
Total, 1975 Enacted Appropriations	XXX	XXX	XXX	4,220,775	279,812	500,917	XXX	XXX	XXX	XXX	XXX	XXX

NOTE: For comparability in the estimates program costs in 1974 for operations in Yugoslavia were transferred from the SPC to the dollar appropriation.

SOVIET UNION AND EAST EUROPEAN PROGRAM

Recapitulation of Costs by Country and Area-Wide Costs

POSITIONS	1974 Actual			1975 Estimate			1976 Estimate			Increase or Decrease (-)			
	Dollars	Per.	Curr.	Dollars	Per.	Curr.	Dollars	Per.	Curr.	Dollars	Per.	Curr.	
Domestic	15	—		15	15	—	15	15	—	15	—	—	
Overseas Americans	59	—		59	61	—	61	62	—	62	1	—	
Local Employees	152	23		175	151	24	175	151	24	175	—	—	
Total Positions	226	23		249	227	24	251	228	24	252	1	—	
Direct Reimbursable Position Equivalents	-16	-1		-19	-17	-1	-20	-17	-1	-20	—	—	
Net Positions	210	20		230	210	21	231	211	21	232	1	—	
 Costs Projected by Country:													
Bulgaria	\$ 27,458	\$ —		\$ 27,458	\$ 42,602	\$ —	\$ 42,602	\$ 48,722	\$ —	\$ 48,722	\$ 6,120	\$ —	
Czechoslovakia	91,180	—		91,180	162,309	—	162,309	102,699	—	102,699	-59,610	—	
Hungary	38,210	—		38,210	50,898	—	50,898	55,262	—	55,262	4,364	—	
Poland	83,588	214,783		296,371	48,160	244,900	293,040	44,867	264,088	308,955	-3,273	15,915	
Regional Projects Office	685,753	—		685,753	807,322	—	807,322	923,181	—	923,181	115,859	—	
Russia	301,455	—		301,455	341,213	—	341,213	384,001	—	384,001	42,788	—	
S.S.R.	176,032	—		176,032	258,308	—	258,308	411,224	—	411,224	152,916	—	
Yugoslavia	1,179,249	—		1,179,249	982,769	—	982,769	1,118,026	—	1,118,026	155,257	—	
Sub-total, Country Costs	2,585,905	214,783		2,800,488	2,493,561	244,900	2,938,461	3,087,982	264,088	3,352,070	394,421	29,188	413,609
 Area-Wide Costs													
Domestic Emp. Com. and Benefits	322,341	—		322,341	356,880	—	356,880	367,034	—	367,034	10,154	—	10,154
American Employees Compensation and Benefits 1/	1,408,820	—		1,408,820	1,527,167	—	1,527,167	1,612,763	—	1,612,763	85,296	—	85,296
Regional Services	58,080	51,003		109,083	66,667	50,000	96,667	53,167	55,000	108,167	6,500	5,000	11,500
Sub-total, Area-Wide	1,769,211	51,003		1,820,244	1,991,014	50,000	1,981,014	2,034,964	55,000	2,087,984	101,950	5,000	106,950
 Total, Funds	4,375,116	265,786		4,640,932	4,624,575	294,900	4,919,475	5,120,946	319,088	5,440,034	496,371	24,186	520,559
Direct Reimbursements	-325,136	-16,208		-379,344	-370,100	-15,088	-345,188	-345,946	-15,088	-354,834	-18,846	-800	-19,646
 Total, Direct Obligations (Comparative Basis) 4,050,010	251,578	4,301,588		4,294,475	279,812	4,574,287	4,772,000	303,200	5,075,200	477,525	23,388	500,913	
Deficit Proposed Pay Act Supplemental	XXX	XXX	XXX	-73,700	—	-93,700	XXX	XXX	XXX	XXX	XXX	XXX	
Total, 1975 Enacted Appropriations	XXX	XXX	XXX	4,220,775	279,812	4,500,587	XXX	XXX	XXX	XXX	XXX	XXX	

1/ Excludes Foreign Service Allowances and Rest and Recuperation Travel which are included in country costs.

NOTE: For comparability in the estimates program costs in 1974 for operations in Yugoslavia were transferred from the SPC to the dollar appropriation.

SPECIAL FOREIGN CURRENCY-PROGRAM

Press and Publications Service

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>America Illustrated</u> (Polish edition)				
Translation	\$ 4,609	\$ --	\$ --	\$ --
Shipping.	4,986	--	--	--
<u>Horizons USA</u> (Polish Edition)				
Translation	<u>2,700</u>	<u>8,100</u>	<u>8,100</u>	--
Total Obligations	12,295	8,100	8,100	--

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In 1974 this account provided for translation and shipping of the Polish edition of America Illustrated, using foreign currencies available in Poland. With the consolidation of Agency magazines in 1974, it provides for translation of the Polish edition of Horizons USA.

SPECIAL FOREIGN CURRENCY PROGRAM

INFORMATION CENTER SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$69,658	\$50,807	\$60,100	\$9,293

General Statement

Excess foreign currencies are available for two of the Information Center Service's book publication programs, the India Book Program and the Arabic Book Program.

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
--	------------------------	--------------------------	--------------------------	-------------------------------------

POSITIONS:

Local Employee for Arabic Book Program	1	1	1	--
--	---	---	---	----

FUNDS:

A. <u>Local Employee Compensation & Benefits</u>	\$ 2,645	\$ 2,645	\$ 2,645	\$ --
B. <u>Program Activity Costs:</u>				
1. India Book Program	24,658	31,107	40,400	\$ 9,293
2. Arabic Book Program	42,355	17,055	17,055	--
Sub-total, Activity Csts	<u>67,013</u>	<u>48,162</u>	<u>57,455</u>	<u>\$ 9,252</u>
Total, Direct Obligations	<u>69,658</u>	<u>50,807</u>	<u>60,100</u>	<u>\$ 9,293</u>

SPECIAL FOREIGN CURRENCY PROGRAM

INFORMATION CENTER SERVICE

- A. Local Employee Compensation and Benefits (1974 Actual, \$2,645; 1975 Estimate, \$2,645; 1976 Estimate, \$2,645; No Change).

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Full-time Permanent Positions	1	1	1	--
Total Man-Years	1.0	1.0	1.0	--
Salary & Direct Benefit Costs	\$ 2,645	\$ 2,645	\$ 2,645	\$ --

- B. Program Activity Costs (1974 Actual, \$7,013; 1975 Estimate, \$8,100; 1976 Estimate, \$9,155; Increase, \$0,200).

1. India Book Program (1974 Actual, \$24,658; 1975 Estimate, \$31,100; 1976 Estimate, \$40,400; Increase, \$0,200).

Under this foreign currency program, the Agency contracts for the publication in India of two series of books in English. The first is the Current Thought series, books on political, social, and economic thought. They are adapted to non-technical English, by specialists in the fields involved, so that students, government leaders, and general readers may have access to important and influential ideas of professionals. The second is the Perspectives series, reprints of titles in the social, economic, and political fields whose levels and language are satisfactory for the intended readers. In each series the books are sold commercially by the publisher, on a world-wide basis excluding Europe. In addition, overruns of 2,500 copies of each book are made available to USIA posts for program use.

The 1975 program provides for three Current Thought titles, \$15,554; and three Perspectives reprints, \$15,553. The costs include all printing, packing, shipping, and promotion charges. The increase of \$0,200 in 1976 is requested for anticipated increases in contractual costs.

2. Arabic Book Program (1974 Actual, \$42,355; 1975 Estimate, \$47,055; 1976 Estimate, \$47,055; No Change).

Under this program 5 titles in Arabic in editions of 3,000 copies each are being published and sold commercially in the Arabic-speaking area. Copies of the books are also being made available to USIA posts for program use. No change is proposed for 1976 from the 1975 budgeted amount.

SPECIAL FOREIGN CURRENCY PROGRAM

BROADCASTING SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$ 76,480	\$103,235	\$105,100	\$ 1,815

General Statement

Local costs for the VOA Correspondent in New Delhi, the Rhodes Program Sub-Center in Cairo, and the Technical Monitor in Islamabad are currently being funded from the Special Foreign Currency Account. Dollar costs associated with these VOA foreign currency-funded operations are included in the Broadcasting Service section of the regular Salaries and Expenses appropriation submission.

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	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
I. <u>POSITIONS</u>				
<u>Local Employees:</u>				
New Delhi Correspondent	1	1	1	—
Rhodes Sub-Center, Cairo	1	1	1	—
Islamabad Technical Monitoring Officer	—	—	—	—
Total Positions	2	2	2	—

SPECIAL FOREIGN CURRENCY PROGRAMBROADCASTING SERVICE

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
FUNDS:				
<u>New Delhi Correspondent</u>				
Employee Compensation and Benefits	\$4,923	\$8,170	\$9,275	\$1,105
Operating Expenses	35,237	56,765	56,765	—
Total, New Delhi Correspondent	<u>40,160</u>	<u>64,935</u>	<u>66,040</u>	<u>1,105</u>
 <u>Rhodes Sub-Center - Cairo</u>				
Employee Compensation and Benefits	4,445	6,460	7,170	710
Operating Expenses	27,315	25,290	25,290	—
Total, Rhodes Sub-Center - Cairo	<u>31,760</u>	<u>31,750</u>	<u>32,460</u>	<u>710</u>
 <u>Islamabad Technical Monitor</u>				
Employee Compensation and Benefits	—	—	—	—
Operating Expenses	4,560	6,600	6,600	—
Total, Islamabad Technical Monitor	<u>4,560</u>	<u>6,600</u>	<u>6,600</u>	<u>—</u>
Total Funds	<u>76,480</u>	<u>103,285</u>	<u>105,100</u>	<u>1,815</u>

The estimates include salaries and related costs for the local positions, allowances for the Americans, and local costs for talent, travel and related program and operating expenses.

The net increase of \$1,105 in employee compensation for the New Delhi correspondent includes \$220 for within-grade salary advancement, \$305 for full-year costs of a local wage scale increase in 1975; \$925 for an anticipated wage scale increase in 1976; and \$30 for one additional extra day's pay on 1976. These increases are partially offset by savings of \$375 from the non-recurring costs of transfer allowances paid in 1975.

The increase of \$710 in Cairo includes \$75 for a within-grade increase, \$105 for the full-year cost of a within-grade increase granted in 1975, \$20 for one additional day's pay in 1976, and \$510 for an anticipated wage scale increase in 1976.

SPECIAL FOREIGN CURRENCY PROGRAM

Program Direction and Other Services

Summary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
Summary of Requirements	\$11,999	\$ 87,493	\$ 57,500	-\$29,993

General Statement

The 1976 estimate provides \$52,500 for research studies and \$5,000 for local travel expenses of a Regional Executive Assistant operating in the Near East and North Africa. For greater operating efficiency the Executive Assistant was transferred from Tunis to Beirut in FY 1975, but will be able to use Egyptian pounds for part of her travel requirements. The decrease of \$29,993 results from a non-recurring research study in India.

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
A. <u>Office of Research</u> Research Studies	\$ —	\$ 82,493	\$ 52,500	-\$29,993
B. <u>Near East-North Africa Regional Executive Assistant</u> Operating Expenses	9,380	5,000	5,000	—
C. <u>India Regional Research Office (closed FY 1974)</u>				
1. American Allowances	47	—	—	—
2. Local Employee Compensation and Benefits	1,500	—	—	—
3. Operating Expenses	1,072	—	—	—
Total, India	2,619	—	—	—
Total, Direct Obligations	<u>11,999</u>	<u>87,493</u>	<u>57,500</u>	<u>-29,993</u>

SPECIAL FOREIGN CURRENCY PROGRAM

ADMINISTRATIVE SUPPORT (REIMBURSEMENT TO THE DEPARTMENT OF STATE)

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
Summary of Requirements	\$1,010,719	\$1,068,898	\$1,279,400	\$190,502

General Statement

The \$1,279,400 requested under this activity supplements dollar estimates under the Salaries and Expenses dollar appropriation for Administrative Support. The total amount is for reimbursement to the Department of State for the Agency's proportionate share of local administrative support costs payable in excess currencies in Burma, Guinea, the Arab Republic of Egypt, India, Pakistan, Tunisia, and Poland.

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Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or <u>Decrease (-)</u>
<u>USIS Operations at Overseas Posts</u>				
East Asia and Pacific	\$47,259	\$49,094	\$51,044	\$1,950
Africa	51,742	51,742	55,742	4,000
North Africa, Near East, and South Asia	819,727	869,988	1,039,240	169,252
Soviet Union and East Europe	91,991	118,074	133,374	15,300
Total, Direct Obligations	1,010,719	1,088,898	1,279,400	190,502

The increase of \$190,502 in 1976 is requested to provide \$166,390 for the costs of local employee wage scale increases (\$47,852) and overseas cost increases for services and materials (\$118,538); \$9,660 for within grade increases in 1976; \$4,452 for an additional extra day's pay in 1976; and \$10,000 for added support related to the proposed establishment of a new post in Alexandria, the Arab Republic of Egypt.

Mr. SLACK. The request for this item for fiscal year 1976 is \$10,708,000, an increase of \$2,331,000 over the amount appropriated to date for the current fiscal year. The request for the transition period is \$3,225,000.

UNOBLIGATED BALANCE IN FOREIGN CURRENCY ACCOUNT

Do you expect to carry over an unobligated balance in fiscal year 1976? If so, how much?

Mr. SILVERMAN. No, sir. We do not expect a carryover balance at the end of this year.

EXCESS FOREIGN CURRENCY COUNTRIES

Mr. SLACK. In what countries do we have excess foreign currencies available for use in fiscal year 1976?

Mr. SILVERMAN. Sir, the countries that we will operate in are Burma, Guinea, India, Pakistan, Poland, Tunisia, and the Arab Republic of Egypt.

RESTRICTED CURRENCIES

Mr. SLACK. I note on page 2-1 of the justifications you refer to restricted currencies available in Greece from prior appropriations. Can you give us an explanation of this?

Mr. SILVERMAN. Yes, sir. Many years ago, before the appropriations process started, there were some Public Law 480 generated currencies in Greece that were restricted to use for textbook programs, book translation costs. For a variety of reasons about \$19,000 was left and we have been trying to work out some arrangements so that that fund can be used for the proper purpose. The book translation program has been carried over from year to year ever since.

Mr. SLACK. There will be funds remaining for future use?

Mr. SILVERMAN. We hope to get that done this year although I don't think progress has been very rapid.

Mr. SLACK. Are there questions on the special foreign currency program?

[No response.]

SPECIAL INTERNATIONAL EXHIBITIONS

Mr. SLACK. The third appropriation item is entitled, "Special International Exhibitions." This item is to be found at page 495 of the committee print and beginning at page 1-1 through 6-1 of the justifications book, which we shall insert at this point in the record.

[The justification pages referred to follow:]

SPECIAL INTERNATIONAL EXHIBITIONS

Statement Relating Appropriation Estimates to Current Appropriations

	<u>Dollars</u>	<u>SFC</u>	<u>Total</u>
1974 Appropriations in Annual and Supplemental Acts	\$10,793,000	\$78,000	\$10,871,000
Deduct 1973 Retroactive Pay Raise Costs	-19,000	--	-19,000
	10,774,000	78,000	10,852,000
1975 Appropriations in Annual and Supplemental Acts	6,841,500	--	6,841,500
Deduct 1975 Supplemental Requests	-71,500	--	-71,500
Enacted 1975 Appropriation	6,770,000	--	6,770,000
Requested Changes for 1976	-583,000	--	-583,000
Total Estimates, 1976	6,187,000	--	6,187,000

SPECIAL INTERNATIONAL EXHIBITIONS

General Statement

Pursuant to the terms of the Mutual Educational and Cultural Exchange Act of 1961, the purpose of this program is to increase mutual understanding between the people of the United States and the people of other countries; to strengthen the ties which unite us with other nations; to promote international cooperation and cultural advancement; and thus to assist in the development of friendly and peaceful relations between the United States and the other countries of the world. Through exhibits at international fairs and other strategic locations overseas, this program presents demonstrations of the cultural interests, developments, and achievements of the people of the United States, and the contributions being made by the U. S. economic and social system toward a peaceful and more fruitful life for its own and other people throughout the world.

The major exhibition and related activities carried on under this program are as follows:

1. Labor Missions: This program of Labor Missions and related exhibits is coordinated with the Agency's participation at international trade fairs. The Agency allocates funds to the Department of Labor for the purpose of sending representatives of labor unions, supported by exhibits on labor subjects, to selected trade fair and solo exhibition sites.
2. Fairs and Exhibitions: This activity provides for the development and operation of exhibitions at international trade fairs, solo exhibitions at selected locations, and special exhibits circulated in the Soviet Union and other countries of East Europe in accordance with specific exchange agreements or ad hoc arrangements.
3. Osaka World's Fair: These funds were for U. S. participation in the Japan World Exposition (1970). The Fair officially ran from March to September 1970. Spending for the project began in Fiscal 1967 and continued through Fiscal 1973. Surplus balances in the amount of \$1,534,835 have been reprogrammed for application to the other program accounts under this appropriation.
4. Okinawa World's Fair: These funds are for U. S. participation in the International Ocean Exposition scheduled to be held on Okinawa, Japan in 1975. Full program funding was obtained in the FY 1974 supplemental appropriation and costs of the October 1974 Federal pay raise are included in the proposed supplemental request for FY 1975. Spending for the project will extend through FY 1976.

SPECIAL INTERNATIONAL EXHIBITIONSSummary Table - Appropriated Funds

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Department of Labor</u>				
<u>Labor Missions</u>				
Dollars	\$ 167,103	\$ 219,800	\$ 220,500	\$ 700
<u>United States Information Agency</u>				
<u>Fairs and Exhibitions</u>				
Dollars	5,025,897	6,607,000	5,966,500	-640,500
Foreign Currency	78,000	—	—	—
Sub-total	5,103,897	6,607,000	5,966,500	-640,500
<u>Okinawa World's Fair</u>				
Dollars	5,600,000	14,700	—	-14,700
Total, United States Information Agency	10,703,897	6,621,700	5,966,500	-655,200
<u>GRAND TOTAL</u>	<u>10,871,000^{1/}</u>	<u>6,841,500</u>	<u>6,187,000</u>	<u>-654,500</u>
Deduct 1975 Supplemental Requests	XXX	-71,500	XXX	71,500
<u>GRAND TOTAL, Enacted 1975 Appropriations.</u>	<u>XXX</u>	<u>6,770,000</u>	<u>XXX</u>	<u>-583,000</u>
<u>Recapitulation of Grand Total by Appropriation</u>				
Dollars	10,793,000	6,770,000	6,187,000	-583,000
Foreign Currency	78,000	—	—	—

^{1/} Includes \$1,000 in Labor Missions and \$18,000 in Fairs and Exhibitions for obligations covering payment of 1973 retroactive pay increases.

SPECIAL INTERNATIONAL EXHIBITIONS
Summary of Appropriations and Obligations

	Dollar Budget			Foreign Currency Budget		
	1974	1975	1976	1974	1975	1976
Labor Missions:						
Obligations	\$ 164,825	\$ 283,156	\$ 308,036	\$ 11,957	\$ 6,484	\$ --
Balance, Start of Year	-148,614	-150,892	-87,536	-18,441	-6,484	--
Balance, End of Year	150,892	87,536	--	6,484	--	--
Budget Authority	167,103	219,800	220,500	--	--	--
Fairs and Exhibitions:						
Gross Obligations	4,486,698	7,976,999	6,385,315	15,123	162,991	--
Less Reimbursements	-9,722	-20,000	-20,000	--	--	--
Direct Obligations	4,476,976	7,956,999	6,365,315	15,123	162,991	--
Balance, Start of Year	-1,167,692	-1,742,731	-398,815	-100,114	-162,991	--
Osaka Transfer	-26,118	--	--	--	--	--
Commerce Department Transfer	--	-6,083	--	--	--	--
Balance, End of Year	1,742,731	398,815	--	162,991	--	--
Budget Authority	5,025,897	6,607,000	5,966,500	78,000	--	--
Osaka Fair:						
Obligations	-26,118	--	--	--	--	--
Balance, Start of Year	--	--	--	--	--	--
Osaka Transfer	26,118	--	--	--	--	--
Balance, End of Year	--	--	--	--	--	--
Budget Authority	--	--	--	--	--	--
Okinawa Fair:						
Obligations	367,571	4,018,629	1,228,500	--	--	--
Balance, Start of Year	--	-5,232,429	-1,228,500	--	--	--
Balance, End of Year	5,232,429	1,228,500	--	--	--	--
Budget Authority	5,600,000	14,700	--	--	--	--

SPECIAL INTERNATIONAL EXHIBITIONS
Summary of Appropriations and Obligations

	Dollar Budget			Foreign Currency Budget		
	1974	1975	1976	1974	1975	1976
<u>Total SIE:</u>						
Gross Obligations	\$4,992,976	\$12,278,784	\$7,921,851	\$ 27,080	\$ 169,475	\$ —
Less Reimbursements	-9,722	-20,000	-20,000	—	—	—
Direct Obligations	4,983,254	12,258,784	7,901,851	27,080	169,475	—
Balance, Start of Year	-1,316,306	-7,126,052	-1,714,851	-118,555	-169,475	—
Commerce Department Transfer	—	-6,083	—	—	—	—
Balance, End of Year	7,126,052	1,714,851	—	169,475	—	—
Budget Authority	10,793,000 ^{1/}	6,841,500	6,187,000	78,000	—	—
Deduct 1975 Supplemental Request ...	XXX	-71,500	XXX	XXX	XXX	XXX
Enacted Budget Authority, 1975	XXX	6,770,000	XXX	XXX	XXX	XXX

^{1/} Includes \$1,000 in Labor Missions and \$18,000 in Fairs and Exhibitions for obligations covering payment of 1973 retroactive pay increases.

SPECIAL INTERNATIONAL EXHIBITIONS

Summary Table - Positions

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Department of Labor</u>				
<u>Labor Missions</u>				
Domestic	6	6	6	—
<u>United States Information Agency</u>				
<u>Fairs and Exhibitions</u>				
Domestic	56	56	56	—
Overseas Americans	2	2	2	—
Locals	6	6	6	—
Sub-total	<u>64</u>	<u>64</u>	<u>64</u>	—
<u>Okinawa Fair</u>				
<u>Overseas Americans</u>	10	10	—	—
Locals	<u>14</u>	<u>14</u>	—	—
Sub-total	<u>24</u>	<u>24</u>	—	—
Total	<u>88</u>	<u>88</u>	<u>64</u>	—
<u>GRAND TOTAL</u>	94	94	70	—
Domestic	62	62	62	—
Overseas Americans	12	12	2	—
Locals	20	20	6	—

SPECIAL INTERNATIONAL EXHIBITIONS

Labor Missions and Exhibits (Allocation to the Department of Labor)

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1976 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Funds:</u>				
Dollar Appropriation	\$167,103	\$219,800	\$220,500	\$ 700
<u>Positions:</u>				
Domestic	6	6	6	—

General Statement

Labor Missions and Exhibits in Special International Exhibitions are directed at workers, employers, students and government leaders. The activity explains to audiences overseas the multiple aspects of labor in the United States and how workers influence U. S. social, economic, political and cultural affairs. The program also promotes and encourages development of democratic institutions among workers of other lands and urges responsible participation in nation building and promotes dialog between people of the U. S. and other nations.

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Labor participates in U. S. pavilions at International Fairs with exhibits related to pavilion themes and presents seminars conducted by Labor Mission members. Labor also sponsors missions and exhibits independent of International Fairs and directed at countries where labor is an important political and economic factor. These are keyed into embassy labor programs by careful planning with the field and other U. S. agencies involved with trade promotion through exhibitions in order to maximize their value. The Department maintains close working relationships with USIA, developing its program within the framework of USIS country plans and toward specific target audiences.

Labor Mission members participate directly as discussion leaders in seminar activity and may also act as narrators in independent exhibits. In these projects the Missions have a schedule of activities including radio and TV appearances, speeches, and plant visits. U. S. industries, corporations, and educational institutions contribute experts and materials on a variety of industrial, manpower and ecological subjects. The AFL-CIO supports the Labor Missions and the Labor Exhibits Program by contributing services of union leaders, literature, and other items.

During FY 1975 the Department is scheduling nine seminars and Structured Labor Missions in Yugoslavia, Africa, Hungary, Argentina, Romania, Poland (2), Arabian Peninsula and the Caribbean.

SPECIAL INTERNATIONAL EXHIBITIONS

Proposals for FY 1976

Budget authority in the amount of \$220,500 is requested for FY 1976. These funds, combined with unobligated balances, will provide \$308,036 for exhibit and seminar activities. Programs include participation in U. S. pavilions at International Fairs in Yugoslavia and Poland and for presentations of eight independent structured Labor Missions in Africa, Argentina, the Arabian Peninsula, Hungary, Romania, Poland, the Caribbean and Czechoslovakia.

Of the total funds programmed, the sum of \$166,171 is requested for project direction and development. This covers the built-in increase related to the continuation of four professional and two clerical positions.

The sum of \$850 is again requested for representation. Of this amount \$300 would be assigned to Missions at International Fairs and \$550 to Missions with independent exhibits.

Detailed requirements for FY 1976 compared with FY 1975 and 1974 and distributions of estimates by activity and project, are shown in the tables that follow.

SPECIAL INTERNATIONAL EXHIBITIONS

Labor Exhibits and Missions (Allocation to the Department of Labor)
Distribution of Funds by Fair and Activity

	Total Project Cost	1974 Actual			1975 Estimate			1976 Estimate		
		Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total
I. DIRECT MISSIONS										
A. Prior Year Projects	\$ —	\$ 9,630	\$ —	\$ 9,630	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
B. Fall, 1973 Missions										
Zagreb, Yugoslavia	9,300	1,000	—	1,000	—	—	—	—	—	—
Bucharest, Romania	10,300	2,665	—	2,665	—	—	—	—	—	—
Plovdiv, Bulgaria	17,000	9,380	—	9,380	—	—	—	—	—	—
Sub-total	36,600	13,045	—	13,045	—	—	—	—	—	—
C. Spring, 1974 Missions										
Poznan, Poland	14,699	2,742	11,957	14,699	—	—	—	—	—	—
Budapest, Hungary	14,443	14,443	—	14,443	—	—	—	—	—	—
Romanian Traveler	8,306	8,306	—	8,306	—	—	—	—	—	—
Sub-total	37,448	25,491	11,957	37,448	—	—	—	—	—	—
D. Fall, 1974 Missions										
Zagreb, Yugoslavia	10,000	—	—	—	10,000	—	10,000	—	—	—
Argentine Traveler	15,500	—	—	—	15,500	—	15,500	—	—	—
Hungarian Traveler	8,000	—	—	—	8,000	—	8,000	—	—	—
Poland Traveler	23,000	—	—	—	16,516	6,484	23,000	—	—	—
African Traveler	9,000	—	—	—	9,000	—	9,000	—	—	—
Sub-total	65,500	—	—	—	59,016	6,484	65,500	—	—	—

SPECIAL INTERNATIONAL EXHIBITIONS

	Total Project Costs	1974 Actual			1975 Estimate			1976 Estimate		
		Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total
E. Spring, 1975 Missions										
Poznan, Poland	\$19,500	\$	--	\$	--	\$ 19,500	\$	--	\$ 19,500	\$
Romanian Traveler	8,500	--	--	--	--	8,500	--	--	8,500	--
Arabian Traveler	20,000	--	--	--	--	20,000	--	--	20,000	--
Caribbean Traveler	15,592	--	--	--	--	15,592	--	--	15,592	--
Sub-total	63,592	--	--	--	--	63,592	--	--	63,592	--
F. Fall, 1975 Missions										
Zagreb, Yugoslavia	10,000	--	--	--	--	--	--	10,000	--	10,000
Argentine Traveler	15,500	--	--	--	--	--	--	15,500	--	15,500
Poland Traveler	23,000	--	--	--	--	--	--	23,000	--	23,000
African Traveler	9,000	--	--	--	--	--	--	9,000	--	9,000
Sub-total	57,500	--	--	--	--	--	--	57,500	--	57,500
G. Spring, 1976 Missions										
Czechoslovakia	14,365	--	--	--	--	--	--	14,365	--	14,365
Poznan, Poland	19,500	--	--	--	--	--	--	19,500	--	19,500
Romanian Traveler	8,500	--	--	--	--	--	--	8,500	--	8,500
Hungarian Traveler	8,000	--	--	--	--	--	--	8,000	--	8,000
Caribbean Traveler	14,000	--	--	--	--	--	--	14,000	--	14,000
Arabian Traveler	20,000	--	--	--	--	--	--	20,000	--	20,000
Sub-total	84,365	--	--	--	--	--	--	84,365	--	84,365
Total, Direct Missions	48,166	11,957	60,123	122,608	6,484	129,092	141,865	--	141,865	
II. PROGRAM DIRECTION & DEVELOPMENT										
A. Personal Services	107,359	--	107,359	151,048	--	151,048	156,171	--	156,171	
B. Other	9,300	--	9,300	9,500	--	9,500	10,000	--	10,000	
Total, P. D. & D.	116,659	--	116,659	160,548	--	160,548	166,171	--	166,171	

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SPECIAL INTERNATIONAL EXHIBITIONS

Project Cost	1974 Actual			1975 Estimate			1976 Estimate		
	Total Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total	Dollar	Foreign Currency	Total
	Dollar	Currency	Total	Dollar	Currency	Total	Dollar	Currency	Total
<u>TOTAL OBLIGATIONS</u>	\$ --	\$ 164,825	\$ 11,957	\$ 176,782	\$ 283,156	\$ 6,484	\$ 289,640	\$ 303,036	\$ -- \$ 308,036
Balance, Start of Year	--	-168,614	-18,441	-167,055	-150,892	-6,484	-157,376	-87,536	-- -87,536
Balance, End of Year	--	150,892	6,484	157,376	87,536	--	87,536	--	--
Enacted 1974 Appropriation ...	--	167,103	--	167,103	219,800	--	219,800	220,500	-- 220,500
Deduct 1975 Supplemental Requests	--	XXX	XXX	XXX	-4,300	--	-4,300	XXX	XXX
Enacted 1975 Appropriation ..	--	XXX	XXX	XXX	215,500	--	215,500	XXX	XXX

SPECIAL INTERNATIONAL EXHIBITIONSFairs and ExhibitionsSummary of Requirements

	<u>1974 Actual</u>	<u>1975 Estimate</u>	<u>1975 Estimate</u>	<u>Increase or Decrease (-)</u>
<u>Funds:</u>				
Dollar Appropriation	\$5,025,897	\$4,407,000	-\$5,966,500	-\$40,500
Special Foreign Currency Appropriation	78,000	--	--	--
Total Appropriation Requirements	5,103,897	4,407,000	5,966,500	-640,500
<u>Positions:</u>				
Domestic	56	56	56	--
Overseas Americans	2	2	2	--
Local Employees	6	6	6	--
Total Position Requirements	64	64	64	--

General Statement

This program consists of preparation and display of exhibits at the major East European Trade Fairs, and exhibits developed primarily for showing in the Soviet Union under the Cultural Exchange Agreement. These are also shown under solo arrangements in East European countries. Wherever possible, exhibits, or portions thereof, prepared for the East-West Cultural Exchange program are being utilized in the International Trade Fair program. Exhibits prepared originally for International Fairs are being designed to permit use either in whole or in part at other fairs and for showings in the U.S.S.R. and other East European countries, thus effecting economies in research and fabrication.

The Seventh Series Cultural Exchange traveling exhibit, "Outdoor Recreation-USA", was shown in six cities in the Soviet Union during the period May 1973 through May 1974. The Eighth Series Cultural Exchange exhibit is composed of two exhibits: "Technology for the American Home-USA" scheduled for six showings between February 1975 and March 1976, and "Photography-USA" planned for three showings between June and December 1976.

A program of exhibits on American art and the American scene is also included in this budget. The art exhibits are acquired on loan from U.S. institutions, museums, and private companies. They are shown in Eastern Europe at American Embassies and in host country museums. U.S. funding for the most part is limited to costs for packing, transportation and insurance.

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SPECIAL INTERNATIONAL EXHIBITIONS

The 1976 request includes funds for participation at five International Trade Fairs: four in Eastern Europe and one in Berlin (compared to six American exhibitions at International Trade Fairs in 1975 and four in 1974). In addition, in 1976 eleven solo showings are planned in Eastern Europe of which eight are reshows of exhibits initially shown at International Fairs. The remaining three are exhibits previously shown in other Eastern European countries.

The 1976 proposal also includes funds for the last four showings in the USSR of the "Technology for the American Home" exhibit and one showing of "Photography-USA".

Also included in the 1976 proposal are funds for special exhibits celebrating the American Bicentennial year, with two showings scheduled for 1975 and four showings planned for 1976.

In addition, the 1976 proposal funds packing, shipping, and insurance costs for 21 showings of seven exhibits on American Art and the American Scene.

A total of \$6,400 in dollars is requested for representation in 1976. Of this amount \$4,300 would be used for exhibits under the East-West Cultural Exchange program and \$2,100 would be used for International Fairs. The total level represents no change from 1975.

SPECIAL INTERNATIONAL EXHIBITIONS

Summary of Funds Available, Budget Request and Obligations

	Dollar Appropriation	Foreign Currency Appropriation	Total
Fiscal Year 1974 Program:			
Prior year balances and reimbursements	\$ 1,177,414	\$ 100,114	\$ 1,277,528
1974 Appropriation	5,025,897	78,000	5,103,897
Transfers	26,118	—	26,118
Total funds available, 1974	6,229,429	178,114	6,407,543
Balance available end of year	-1,742,731	-162,991	-1,905,722
Gross obligations, 1974	4,486,698	15,123	4,501,821
Deduct reimbursements	-9,722	—	-9,722
Direct obligations	4,476,976	15,123	4,492,099
Fiscal Year 1975 Program:			
Prior year balances and reimbursements	1,762,731	162,991	1,925,722
1975 Appropriation, Enacted and Supplemental	6,607,000	—	6,607,000
Transfers	6,083	—	6,083
Total funds available, 1975	8,375,814	162,991	8,538,805
Balance available end of year	-398,815	—	-398,815
Gross obligations, 1975	7,976,999	162,991	8,139,990
Deduct reimbursements	-20,000	—	-20,000
Direct obligations	7,956,999	162,991	8,119,990
Fiscal Year 1976 Program:			
Prior year balances and reimbursements	418,815	—	418,815
1976 Appropriation	5,966,500	—	5,966,500
Total funds available, 1976	6,385,315	—	6,385,315
Balance available end of year	—	—	—
Gross requirements, 1976	6,385,315	—	6,385,315
Deduct reimbursements	-20,000	—	-20,000
Direct obligations	6,365,315	—	6,365,315

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SPECIAL INTERNATIONAL EXHIBITIONS
Number of Exhibitions

	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>
<u>International Fairs:</u>			
Completion Funding - Fall Exhibitions	3	4	?
Total Funding - Spring Exhibitions	1	2	2
Advance Funding - Fall Exhibitions	4	3	?
Total Exhibitions, Fiscal Year	4	6	5
Total Exhibitions, Calendar Year	5	5	5
<u>East-West Cultural Exchange Exhibits:</u>			
Showings in the USSR	5	2	5
Showings in East Europe	7	11	11
<u>Bicentennial Exhibits</u>	—	2	4
<u>Art & American Scene Exhibits:</u>			
Showings in East Europe	10	21	21

SPECIAL INTERNATIONAL EXHIBITIONS
FAIRS AND EXHIBITIONS
SUMMARY BY PROJECT

Total Project Cost	1974 Actual			1975 Estimate			100% Estimate Dollars
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	
I. INTERNATIONAL FAIRS							
Prior Year Projects	\$ --	\$ -1,714	\$ -15,144	\$ -17,858	\$ 30,000	\$ --	\$ 30,000
Fall 1973 Exhibitions							
Zagreb	235,287	175,220	--	175,220	5,811	--	5,811
Plovdiv	270,000	207,229	--	207,229	5,422	--	5,422
Berlin Industries	24,208	21,302	--	21,302	--	--	--
Total, Fall 1973	474,221	--	404,221	11,233	--	11,233	--
Spring 1974 Exhibitions							
Berlin Greenweek - Total	31,000	20,515	--	20,515	5,000	--	5,000
Fall 1974 Exhibitions							
Zagreb	326,400	155,885	--	155,885	101,015	--	101,015
Plovdiv	255,488	40,765	--	40,765	214,723	--	214,723
Budapest	287,000	50,931	--	50,931	25,069	--	25,069
Bucharest	301,000	44,102	--	44,102	348,898	--	348,898
Total, Fall 1974	961,683	--	271,783	666,705	--	666,705	--
Spring 1975 Exhibitions							
Berlin Greenweek	50,000	--	--	50,000	--	50,000	--
Novi Sad	25,000	--	--	25,000	--	25,000	--
Total, Spring 1975	--	--	--	75,000	--	75,000	--
Fall 1975 Exhibitions							
Zagreb	307,500	--	--	200,000	--	200,000	107,500
Plovdiv	340,000	--	--	125,000	--	125,000	215,000
Brno	250,000	--	--	110,000	--	110,000	140,000
Total, Fall 1975	--	--	--	435,000	--	435,000	462,500

SPECIAL INTERNATIONAL EXHIBITIONS
FAIRS AND EXHIBITIONS
SUMMARY BY PROJECT

Total Project Cost	1974 Actual			1975 Estimate			1976 Estimate	
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	
<u>Spring 1976 Fairs</u>								
Berlin Greenweek	\$ 55,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 55,000	
Novi Sad	25,000	--	--	--	--	--	25,000	
Total, Spring 1976	--	--	--	--	--	--	80,000	
<u>Fall 1976 Fairs</u>								
Zagreb	322,500	--	--	--	--	--	215,000	
Plovdiv	349,375	--	--	--	--	--	134,375	
Bucharest	349,375	--	--	--	+ --	--	134,375	
Total, Fall 1976	--	--	--	--	--	--	483,750	
Total, Direct Fair Costs	684,755	-15,144	669,611	1,555,938	--	1,555,938	1,026,250	
<u>II. E/W CULTURAL EXCH. EXHIBITS</u>								
<u>USSR:</u>								
Prior Year Projects	--	-20,051	--	-20,051	--	--	--	--
Sixth Series - R&D	2,777,813	-11,773	-5,288	-17,061	--	--	--	--
Seventh Series -Outdoor Rec	3,284,000	1,655,482	--	1,655,482	182,429	--	182,429	--
Eighth Series:								
(A) Technology Am. Home..	3,385,000	267,572	--	267,572	2,367,428	--	2,367,428	750,000
(B) Photography	1,936,150	--	--	--	325,000	--	325,000	1,611,150
Sub-Total, Exchanges - USSR	1,891,230	-5,288	1,885,942	2,874,857	--	2,874,857	2,361,150	
<u>Showings in East Europe</u>								
Prior Year Projects		3,662	-1,295	2,367	--	--	--	--
Progress & Env. - Poland ...	348,465	17,506	25,178	42,684	--	--	--	--
Education Tech. - Yugo.....	178,931	171,996	6,935	178,931	--	--	--	--
Progress & Env. - Romania ..	261,300	235,072	--	235,072	26,228	--	26,228	--

SPECIAL INTERNATIONAL EXHIBITIONS
FAIRS AND EXHIBITIONS
SUMMARY BY PROJECTS

	Total Project Cost	1974 Actual			1975 Estimate			1976 Estimate	
		Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Dollars	
Showings in East Europe-(Cont'd)									
Progress & Env. - Czech.....	\$375,000	\$ 35,524	\$ —	\$ 35,524	\$ 339,476	\$ —	\$ 339,476	\$ —	—
Photography - Romania	330,000	—	—	—	330,000	—	330,000	—	—
Progress & Env. - Yugo.....	175,000	—	—	—	175,000	—	175,000	—	—
Space Research - Hungary ..	198,000	—	—	—	198,000	—	198,000	—	—
Energy - Poland	380,000	—	—	—	302,000	78,000	380,000	—	—
Space Research - Yugo	241,875	—	—	—	75,000	—	75,000	166,875	166,875
Photography - Czech.....	241,875	—	—	—	—	—	—	241,875	241,875
Agriculture - Poland	241,875	—	—	—	—	—	—	241,875	241,875
Photography - Bulgaria	188,125	—	—	—	—	—	—	188,125	—
Sub-Total, Showings	162,760	30,818	49,528	1,445,704	78,000	1,523,704	—	838,750	—
Total, E/W Cultural Exchange.	2,354,990	25,530	2,380,520	4,320,561	78,000	4,398,561	—	3,199,900	—
III. BICENTENNIAL YEAR EXHIBITS									
Faces of America	597,500	—	—	—	275,000	—	275,000	322,500	—
Age of Franklin & Jefferson	150,000	—	—	—	75,000	75,000	150,000	—	—
Building a Nation	107,775	—	—	—	50,000	—	50,000	57,775	—
Total, Bicentennial	—	—	—	—	400,000	75,000	475,000	380,275	—
IV. ART & AMERICAN SCENE EXH. - E.E.									
The West in Art	108,375	38,364	—	38,364	20,011	—	20,011	—	—
NASA Space Art	10,975	8,719	—	8,719	2,256	—	2,256	—	—
Belgrade P&E	12,114	—	—	—	14,114	—	14,114	—	—
American Indian Art	30,741	—	—	—	15,000	4,991	19,991	10,750	—
Michener Collection	31,125	—	—	—	10,000	5,000	15,000	16,125	—
Contemporary Am. Art	41,950	—	—	—	10,000	—	10,000	31,950	—
Contemporary Am. Textiles .	26,500	—	—	—	5,000	—	5,000	21,500	—
Graphics	13,375	—	—	—	8,000	—	8,000	5,375	—
Other Small Exhibits	58,120	23,452	3,854	27,306	5,619	—	5,619	21,500	—
Total, Art & Am. Scene Exh.	70,535	3,854	74,389	90,000	9,991	99,991	107,200	—	—

SPECIAL INTERNATIONAL EXHIBITIONS
FAIRS AND EXHIBITIONS
SUMMARY BY PROJECT

	1974 Actual			1975 Estimate			1976	
	Dollars	Foreign Currency	Total	Dollars	Foreign Currency	Total	Estimate Dollars	Increase or Decrease (-)
V. OPERATING COSTS								
Prior Year	\$ -21,861	\$ --	\$ -21,861	\$ --	\$ --	\$ --	\$ --	\$ --
A. Personal Services								
1. Domestic	1,002,151	--	1,002,151	1,141,582	--	1,141,582	1,190,929	49,347
2. O/S Americans - Vienna.....	60,556	--	60,556	61,450	--	61,450	63,206	1,756
3. Locals - Vienna	60,771	--	60,771	60,315	--	60,315	77,797	8,482
Sub-total, Salaries	1,123,478	--	1,123,478	1,272,347	--	1,272,347	1,331,932	59,585
B. Allowances & Related Costs.....	14,976	--	14,976	18,918	--	18,918	15,700	-3,218
C. Administrative Services	135,837	--	135,837	170,250	--	170,250	170,250	--
D. Travel	6,720	883	7,603	18,540	--	18,540	19,640	1,100
E. Vienna	117,268	--	117,268	130,445	--	130,445	134,168	3,723
Total, Operating Costs	1,376,418	883	1,377,301	1,610,500	--	1,610,500	1,671,690	61,190
Gross Obligations	4,486,698	15,123	4,501,821	7,976,999	162,991	8,139,990	6,385,315	-1,754,675
Less Reimbursements	-9,722	--	-9,722	-20,000	--	-20,000	-20,000	--
Net Obligations	4,476,976	15,123	4,492,099	7,956,999	162,991	8,119,990	6,365,315	-1,754,675
Balance, Start of Year	-1,167,692	-100,114	-1,267,806	-1,742,731	-162,991	-1,905,722	-398,815	1,506,907
Osaka Transfer	-26,118	--	-26,118	--	--	--	--	--
Commerce Dept. Transfer	--	--	--	-6,083	--	-6,083	--	6,083
Balance, End of Year	1,742,731	162,991	1,905,722	398,815	--	398,815	--	-398,815
Budget Authority	5,025,897	78,000	5,103,897	6,607,000	--	6,607,000	5,966,500	-640,500
Deduct Proposed Pay Act Supplemental	xxx	xxx	xxx	-52,500	--	-52,500	xxx	xxx
Enacted 1975 Budget Authority	xxx	xxx	xxx	6,554,500	--	6,554,500	xxx	xxx

SPECIAL INTERNATIONAL EXHIBITIONS

Fairs and Exhibitions
Explanation of Requirements

Fall 1973 International Fairs (Total Cost \$532,000; 1974 Actual \$404,271; 1975 Estimate \$11,233).

These funds cover exhibits held between July and December 1973, including American participation in exhibits for annual fairs in Zagreb and Plovdiv and support for the annual Berlin Industries Fair. The 1974 costs cover operation, dismantling and disposal of these exhibitions, while the 1975 costs represent final shipping charges for exhibit components.

Spring 1974 International Fairs (Total Cost \$31,060; 1974 Actual \$20,515; 1975 Estimate \$5,000).

These funds cover total costs of exhibits held between January and June 1974, and include support for the annual Berlin Greenweek event.

Fall 1974 International Fairs (Total Cost \$1,261,388; 1974 Actual \$261,683; 1975 Estimate \$600,705).

These funds cover total costs for the design, production, and operation of exhibits held between July and December 1974, and include the annual International Fairs at Zagreb, Plovdiv and Budapest and a major exhibit at the third Romanian International Fair in Bucharest.

Spring 1975 International Fairs (Total Cost \$75,000; 1974 Actual \$ --; 1975 Estimate \$75,000).

These funds cover total costs of exhibits held between January and June 1975 and include support for Berlin Greenweek and the annual agricultural fair in Novi Sad, Yugoslavia.

Fall 1975 International Fairs (Total Cost \$807,500; 1975 Estimate \$435,000; 1976 Estimate \$462,500).

These funds cover total costs for exhibits to be held between July and December 1975 and include the annual Zagreb, Plovdiv and Brno Fairs.

Spring 1976 International Fairs (Total Cost \$80,000; 1976 Estimate \$80,000).

These funds cover total costs for exhibits to be held between January and June 1976 and include support for Berlin Greenweek and the annual Novi Sad, Yugoslavia fair.

SPECIAL INTERNATIONAL EXHIBITIONS

Fall 1976 International Fairs (Total Costs \$1,021,250; 1976 Estimate \$83,750).

These funds cover advance costs for design and production of exhibits for the annual Zagreb, Ilcvdiv and Bucharest Fairs.

Seventh Series of Cultural Exchange Traveling Exhibits in USSR (Total Costs \$3,284,000; 1974 Actual \$1,655,482; 1975 Estimate, \$182,429; 1976 Estimate \$ --).

The cultural exchange agreement permitting exhibits between the Soviet Union and the United States during calendar years 1972 and 1973 was signed in Moscow on April 11, 1972.

The Agreement provided for one U.S. exhibit, "Outdoor Recreation-USA," to be shown in six Soviet cities. The exhibit opened in Moscow on May 21, 1973 and ended its tour with a sixth showing in Odessa May 10, 1974.

In 1974 \$1,655,482 was obligated for five showings. In 1975 \$182,429 will be obligated for final operational and closing costs of the exhibit.

	Obligations			
	Actual FY 1973	Actual FY 1974	Estimated FY 1975	
			Total	
Research, design, construction	\$ 321,520	\$ 36,821	\$ —	\$ 358,341
Brochures and other promotionals	291,685	5,058	—	296,743
Security investigations and recruitment travel	44,417	2,653	—	47,070
Operating Costs (6 showings)	788,467	1,610,950	182,429	2,581,846
	\$1,446,089	\$1,655,482	\$ 182,429	\$3,284,000

SPECIAL INTERNATIONAL EXHIBITING

Eighth Series of Cultural Exchange Traveling Exhibits in U.S.S.R. (Total Costs \$6,301,150; 1974 Actual \$270,572; 1975 Estimate \$1,428; 1976 Estimate \$1,150).

The cultural exchange agreement permitting exhibits between the Soviet Union and the United States during calendar years 1974 through 1976 was signed in Washington on June 1st, 1973.

The Agreement provides for two U.S. exhibits to be shown in nine Soviet cities during 1974, 1975 and 1976. The first exhibit, which will have six showings, opened in Tashkent on February 14, 1975, and is scheduled to close in Leningrad in March 1976. The second exhibit will begin its three-city showing schedule in June, 1976.

Funds in the amount of \$270,572 were obligated on the first exhibit in 1974 for exhibit fabrication, brochures and some preliminary costs. An estimated \$2,307,428 in 1975 and \$750,000 in 1976 will be obligated to complete fabrication and brochure costs and for operation of the exhibit in the U.S.S.R. An estimated \$325,000 will be obligated as advance costs on the second exhibit in 1976 for exhibit construction, layout of the brochure and site survey travel. In 1976 an estimated \$1,611,150 will be obligated for printing of the brochure and operating costs of the exhibit in three cities of the U.S.S.R.

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	Obligations				
	Actual FY 1974 Exhibit #1	Estimated FY 1975 Exhibit #1	Estimated FY 1975 Exhibit #2	Estimated FY 1976 Exhibit #1	Estimated FY 1976 Exhibit #2
Research, design, construction	\$ 58,315	\$ 228,185	\$312,500	\$ --	\$ --
Brochures and other promotionals	200,000	158,924	10,000	--	170,000
Security investigations, recruitment and site survey travel.	6,827	6,173	2,500	--	25,250
Operating " site (six showings)	2,354	1,919,174	--	750,000	1,415,900
	267,572	2,367,428	325,000	750,000	1,611,150

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SPECIAL INTERNATIONAL EXHIBITIONS

Exhibits in other East European Countries (Total \$3,160,446; 1974 Actual \$494,578; 1975 Estimate \$1,523,704; 1976 Estimate \$838,750).

These exhibits, developed primarily for showing in the U.S.S.R., are also shown in other East European countries under solo tour arrangements or at International Fair events. The funds for showings cover costs for shipment of the exhibits; their renovation and updating; language captions; bi-lingual American guides; administrative staff; and operating expenses. The 1976 estimate provides for eleven showings in Eastern Europe: three showings in Yugoslavia of "Space Research", an exhibit initially scheduled for showing in Hungary in 1975; five showings (3 Czechoslovakia, 2 Bulgaria) of "Photography", previously shown at the International Fair in Bucharest in 1974 and in three other cities in Romania, and scheduled for showing in the U.S.S.R. under the 8th Series of Cultural Exchange exhibits; and three showings in Poland of "Agriculture", the exhibit shown at the 1974 International Fair in Plovdiv.

The 1976 estimate for showings is based on the following cost factors:

	<u>Two Showings</u>	<u>Three Showings</u>
Renovating, updating, and language captions	\$ 28,000	\$ 37,000
Brochures, posters, and promotion	32,500	54,350
Staff salary, travel, and per diem, including guides	70,500	87,525
Shipping and operating costs, including representation	<u>57,125</u>	<u>63,000</u>
Total showing costs	188,125	241,875

Bicentennial Year Exhibits (Total \$855,275; 1975 Estimate \$475,000; 1976 Estimate \$380,275).

Included in the 1976 request are estimated costs for two showings each of two exhibits having Bicentennial themes. The exhibits, "Faces of America" and "Building a Nation" were constructed in 1975.

Art and American Scene Exhibits (Total Costs \$335,281; 1974 Actual \$74,389; 1975 Estimate \$99,991; 1976 Estimate \$107,200).

These funds cover acquisition costs of exhibits on American art and the American scene. Many are acquired on loan from American museums and institutions. The 1976 costs cover packing, transportation, and insurance for seven exhibits (3 showings each) to be shown in Eastern Europe.

SPECIAL INTERNATIONAL EXHIBIT XI

Operating Costs (1974 Actual \$1,377,301; 1975 Estimate \$1,416,500; 1976 Estimate \$1,717,000; Increase \$1,140,700).

A. Personal Services (1974 Actual \$1,120,478; 1975 Estimate \$1,212,400; 1976 Estimate \$1,331,400; Increase \$60,922).

The administration of this program in 1976 is being carried out by an authorized staff of 5 domestic, two overseas American, and six local employees, and there is no proposed change in 1976. The stateside staff is charged with the overall administration and direction of the program and provides field directors for each project. The Vienna staff surveys exhibit sites, supervises adaptation and refurbishing of exhibits between showings, schedules and, whenever appropriate, the construction and/or assembly of new exhibits. The Vienna staff also backstops the project directors in staging, operating, and dismantling exhibits where necessary.

The net increase of \$50,588 results from \$10,500 for within-grade salary increases on 52 domestic and overseas American and 6 local positions, \$25,500 for the full-year costs of the Federal pay raise and wage-board rate increases in FY 75, \$4,908 for local employee wage-scale increases, consisting of \$2,388 for full-year costs of increases effective for part of 1975 and \$4,520 for increases anticipated in 1976, \$6,253 for an extra day's pay in 1976, and \$28,771 for restoration of normal employment levels; partially offset by non-recurring terminal leave requirements of \$10,455 in 1976.

B. Allowances and Related Costs (FY 1974 Actual \$14,500; 1975 Estimate \$18,918; 1976 Estimate \$15,200; Decrease \$3,718).

These costs reflect education, home-leave and transfer requirements for the American staff in Vienna.

C. Administrative Services (1974 Actual \$155,837; 1975 Estimate \$170,250; 1976 Estimate \$171,250; No Change).

These funds cover equipment, shipping, communications, printing, supplies and other costs incurred in Washington and at the New York Warehouse, and costs for overseas administrative support rendered by the Department of State. An increase of \$5,000 in administrative support for anticipated price increases is offset by non-recurring equipment costs.

D. Travel (1974 Actual \$1,031; 1975 Estimate \$10,540; 1976 Estimate \$10,640; Increase \$1,100).

The 1975 and 1976 estimates provide for eight overseas and nine domestic trips. The increase of \$1,100 is requested for an anticipated increase in international air fares in 1976.

E. Vienna Service Section (1974 Actual \$117,268; 1975 Estimate \$130,445; 1976 Estimate \$134,168; Increase \$3,723).

These funds cover costs for rent, travel, supplier, equipment and other services related to the maintenance, adaptation, construction and renovation of Cultural Exchange and International Fair Exhibits between showings, and other backstopping activities. The increase of \$3,723 is requested for price increases on leases and contractual administrative services.

SPECIAL INTERNATIONAL EXHIBITIONS
International Ocean Exposition, Okinawa

Summary of Requirements

	1974 <u>Actual</u>	1975 <u>Estimate</u>	1976 <u>Estimate</u>	Increase or Decrease (-)
<u>Funds:</u>				
Appropriation	\$5,600,000	\$ 14,700	\$ --	\$ -14,700
<u>Positions:</u>				
Overseas Americans	10	10	--	-10
Local Employees	14	14	--	-14
Total, Positions	24	24	--	-24

General Statement

U. S. participation in the International Ocean Exposition scheduled to be held at Okinawa, Japan between July 20, 1975 and January 18, 1976 was funded by the Second Supplemental Appropriation Act of 1974 (P.L. 93-305) at \$5,600,000. Of this total, not less than \$2,500,000 as stipulated in the act will be paid in Japanese Yen accrued under the Settlement on Post War Economic Assistance between the United States and Japan. In addition, \$14,700 has been included in the 1975 Supplemental Appropriation request for costs over the duration of the project of the October 1974 Federal pay raise. The pay raise was enacted subsequent to the June 8, 1974 passage of primary funding for the exposition.

Spending for the project began in late fiscal 1974 and is expected to continue through fiscal 1976.

Mr. SLACK. The request for this appropriation for fiscal year 1976 is \$6,187,000, a decrease of \$583,000 from the amount appropriated to date for the current fiscal year. The request for the transition period is \$2,004,000.

UNOBLIGATED BALANCES

Do you anticipate any carryover in dollar or foreign currency amounts in fiscal year 1976?

Mr. SILVERMAN. Yes, sir. We anticipate a carryover balance of \$1,714,851 at the end of this year.

Mr. SLACK. What about the foreign currencies?

Mr. SILVERMAN. We don't expect to have a balance there.

U.S.-U.S.S.R. CULTURAL EXCHANGE EXHIBITS

Mr. SLACK. Page 5-1 of the justifications mentions the exhibits shown under the Cultural Exchange Agreement with the Soviet Union. Would you care to comment on this item?

Mr. KEOGH. Just to recap some of our earlier discussion, we think that these exhibits in the Soviet Union are an extremely important facet of what we do. Our "Technology for the American Home" exhibit is giving the people of the Soviet Union a more comprehensive impression than they could get in any other way of how Americans live. It is, I am sure, to many of those people who come to see the exhibit, a substantial surprise to see the quality and the nature of American homes. The attendance there is always an intense and by any standards that we can measure, large attendance. Our last big exhibit there was on outdoor recreation in the United States. It appeared in Moscow, Ufa, Irkutsk, Yerevan, Kishinev, and Odessa. More than 1½ million citizens of the Soviet Union attended it. It is really our best way of giving this kind of a comprehensive impression of American life, and we consider it a very important effort.

Mr. SLACK. Under our agreement, what exhibits are being shown in the United States?

Mr. KEOGH. The last Soviet exhibit here was an exhibit on Soviet youth. It appeared in six cities and was an exhibit largely of things done by young people in the Soviet Union, some paintings, sculpture, various model work and other things and about youth programs they carry on.

Mr. SLACK. What cities?

Mr. KEOGH. Washington, here at the Kennedy Center, Pittsburgh, Houston, Kansas City, Denver, and San Francisco. Before that, their major exhibit was on Soviet Union arts and crafts in ancient times and today. That was in 1972. That exhibit was in Washington, Los Angeles, St. Paul, Chicago, Boston, and New York. I do not know what their next subject will be.

OKINAWA EXPOSITION

Mr. SLACK. What is the status of the exposition in Okinawa?

Mr. KEOGH. We are on time and on budget with the exhibit in Okinawa. We have appointed and have had confirmed our Commissioner General who has been named the chairman of the International Steer-

ing Committee for the exposition. All of the reports we are getting confirm my belief that we will have a very fine pavilion there on oceanographic developments in the United States. I have not personally been out there but I did see the exhibit at every stage of its development and have had good reports from the Commissioner General and our staff members. We look forward to a very important exhibit there.

Mr. SLACK. When is that to be opened?

Mr. KEOGH. July 20.

Mr. SLACK. How much was appropriated for this purpose?

Mr. SILVERMAN. \$5,600,000, Mr. Chairman. \$2.5 million of that was GARIOA, Japanese yen owned by the United States.

There is \$14,000 pending in the current pay acts costs that will go to the staff of the Okinawa exhibit.

Mr. SLACK. Mr. Early will you take the chair, please.

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Mr. EARLY. The next item is entitled "Acquisition and Construction of Radio Facilities." That is found on page 503 of the committee print. We shall insert pages 1 through 7 of the justifications for the record.

[The justification pages referred to follow:]

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ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

General Statement

These funds are used in the continuing Agency program to improve the capabilities of VOA's world-wide broadcasting system.

Funds in the amount of \$10,135,000 are requested in FY 1976 for the addition of four 250-KW shortwave transmitters plus related antenna systems and power generating facilities at the Philippines Relay Station (\$6,840,000); for the engineering research program for improvement of broadcasting techniques and facilities components (\$100,000); and for the continuing program of major improvements, replacements and repairs to maintain and improve the efficiency of existing facilities (\$3,195,000).

Prior appropriations and 1976 appropriation request are summarized below:

Prior appropriations:

Fiscal years 1950 through 1971	\$185,371,939
1972 - P.L. 92-77	1,100,000
1973 - P.L. 92-544	1,000,000
1974 - P.L. 93-162	1,000,000
1975 - P.L. 93-433	<u>4,400,000</u>
Total appropriations, Fiscal Years 1950-1975,	<u>194,871,939</u>

Reimbursements, Fiscal Years 1950-1975	409,542
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Transfers to other appropriations: P.L. 194, 83rd Congress; P.L. 471, 84th Congress	-10,106,717
Total available, Fiscal Years 1950-1975	<u>185,174,764</u>

Obligations relating to completed and cancelled projects	-150,582,767
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Total available for current projects and activities	34,591,997
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New appropriation requests, Fiscal Year 1976	<u>10,135,000</u>
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Total	<u>44,726,997</u>
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ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Statement of Obligations and Requirements

<u>Project or Activity</u>	<u>Total Planned Obligations</u>	<u>Cumulative Obligations 6/30/74</u>	<u>1975 Estimated Obligations</u>	<u>1976 New Approp.</u>	<u>Requirement Subsequent Years</u>
<u>Major Construction</u>					
1. Greece Construction (Kavala)	\$27,867,439	\$27,825,813	\$ 41,626	\$ --	\$ --
2. Dixon and Delano Antenna Improvements	2,800,000	--	2,800,000	--	--
Subtotal, Current Availability	30,667,439	27,825,813	2,841,626	--	--
<u>Proposed Project</u>					
East Asia Project 4-250 KW Transmitters, Philippines	15,850,000	--	--	6,840,000	9,010,000
Total, Major Construction	46,517,439	27,825,813	2,841,626	6,840,000	9,010,000
<u>Engineering Research</u>	419,593	191,070	128,523	100,000	--
<u>Major Improvements, Replacements and Repairs</u>	6,799,965	1,402,220	2,202,745	3,195,000	--
Total	<u>53,736,997</u>	<u>29,419,103</u>	<u>5,172,894</u>	<u>10,135,000</u>	<u>9,010,000</u>

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

East Asia Project

New appropriation requested in 1976..... \$ 6,840,000

This project provides for the installation of four additional 250 KW shortwave transmitters and related antenna systems and power generating facilities at the Philippines Relay Station.

These new high-power shortwave transmitters will replace three low-powered transportable units which are inadequate for relaying a strong competitive signal to the distant target areas. The new transmitters will thus partially alleviate the present high-power deficiency in the Far East. In conjunction with the present VOA high-power facilities in the Philippines, they will greatly strengthen the coverage for VOA broadcasts beamed to China, the Soviet Far East and Central Asia, other Far East areas, and South and Southeast Asia.

A study of VOA facilities completed several years ago indicated that 12 additional 250 KW shortwave transmitters were needed to correct high-power transmitter deficiencies in the Pacific area. This request covers part of that requirement.

Operation of these new facilities will require additional staff of one American and 15 Locals and \$470,000 in annual operating costs.

Cost Summary:

	Total Requirement	1976 NOA Request	Subsequent Year Requirements
Engineering and Administrative Costs.....	\$ 1,100,000	\$ 1,100,000	\$ —
Equipment.....	4,770,000	4,040,000	730,000
Construction and Installation Work.....	1,865,000	—	1,865,000
Antenna Systems.....	7,335,000	1,700,000	5,635,000
Shipping.....	780,000	—	780,000
Total.....	<u>15,850,000</u>	<u>6,840,000</u>	<u>9,010,000</u>
Radio Propagation Research			\$100,000

Research funds are used for investigations and studies of specific application to VOA in the technical areas of broadcasting. The research program improves knowledge of natural phenomena that affect propagation of radio signals, and develops new and improves existing techniques and equipment to utilize favorable and minimize unfavorable phenomena, to provide the best possible quality of VOA signal to the listener.

Funds in the amount of \$100,000 are requested in 1976 for the continuation of ionospheric propagation research to improve methods of system performance predictions for VOA higher frequency circuits.

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIESMajor Improvements, Replacements and Repairs

Summary of Estimate	\$3,195,000
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The VOA world-wide broadcasting system requires continuous maintenance and improvements to sustain its technical facilities competitively and reliably in the technically-improving international broadcasting field. The proposals listed below illustrate the type of recurring projects for which \$900,000 is requested in 1976. Extraordinary improvement projects totaling \$2,295,000, and comprising the balance of this request, are detailed on page 7.

1. Install fused disconnects at antenna field load centers, Tinang Transmitter Plant	10,000
2. Provide deep well and pump, or other emergency water supply, Liberia Relay Station	40,000
3. Expand Greenville receiving plant console to permit monitoring, receiver selection and dispatch facilities	23,000
4. Modify master control consoles at Greenville sites A & B to permit manual switching of any program to any transmitter	23,000
5. Add two rhombic antennas, Kavala Receiving Site	75,000
6. Provide additional high capacity pumping station for fuel unloading, Kavala Relay Station	20,000
7. Provide service road, telephone and power lines from Kavala transmitter building to beach terminal of offshore fuel supply line	60,000
8. Provide additional above-ground water storage facilities at Rhodes Receiving Site	20,000
9. Convert remaining three rectifiers for 100-KW transmitters to solid state, Ismaning, Munich Relay Station	40,000
10. Reduction of harmonic output of G.E. transmitters, Dixon & Delano Relay Stations	29,000
11. Provide three new 150-KW diesel generators for receiving site, Tangier Relay Station	60,000

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Major Improvements, Replacements and Repairs

12.	Replace limiter amplifiers in recording room and FM receivers in house monitoring system, Washington Plant	\$ 20,000
13.	Provide automatic high voltage safety grounding in Collins transmitters, Dixon and Delano Relay Stations	12,000
14.	Major Repairs to receiving plant air conditioning, Rhodes Relay Station	50,000
15.	Replace two SSB excitors, Delano Relay Station	25,000
16.	Raise transmission lines over roadways at Kavala Transmitting Plant	10,000
17.	Provide six synthesizers at Dixon Transmitting Plant	60,000
18.	Replace 24 tape recorders in central recording, Washington Plant	75,000
19.	Rebuild power supplies in 19 studios and add one tape recorder, Washington Plant	60,000
20.	Relocate curtain antenna service roads displaced by antenna modernization, Delano	25,000
21.	Purchase of new cylinder heads for diesel engines, Liberia, Okinawa and Philippines Relay Station	35,000
22.	Make one rhombic antenna reversible, Greenville Relay Station	15,000
23.	Expand receiving and transmitter control consoles and program links to 15 channels, Liberia Relay Station	75,000
24.	Miscellaneous projects costing less than \$10,000	<u>38,000</u>
	Subtotal	<u>900,000</u>

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ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Major Improvements, Replacements and Repairs

The following extraordinary improvement items are required in addition to the normal level of major improvements and replacement projects presented on the preceding pages:

1. Provide Additional Generating Capacity Transmitter Power Plant, Liberia Relay Station..... \$ 600,000

The present generating capacity is marginal because there is inadequate stand-by capacity in relation to the current operating and maintenance schedules. Major overhauls, or trouble on the two largest diesel generators require reductions in transmitter power during shut-down of these two units.

2. Partial Replacement of Obsolete Link Equipment at the Two Microwave Link Sites, Washington/Greenville Microwave..... 350,000

The two links involved cause a large percentage of the outages which occur on the vital system which delivers program material from the Washington studios to the principal VOA station feeding Europe, the Middle East, Africa and South America.

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3. Provision and Installation of Equipment for Five New Studios, Washington Plant..... 335,000

Construction of five new studios is included in a GSA program for modernization of the HEW building which houses the VOA Washington studios. Construction costs are provided under another section of the Agency budget. This item provides for the purchase and installation of technical studio equipment at \$67,000 per studio.

4. Two 250 KW Transmitters with Related Operating Equipment..... 1,010,000

These transmitters will be installed at any one of several existing VOA relay stations to replace obsolete low-power units which are inadequate for effective broadcasting under today's intensely competitive conditions. Upgrading the power of VOA's transmitters is essential to match the high power now in use by the world's major broadcasting organizations. Procurement of these two units in combination with the four 250 KW transmitters for the Philippines Project will reduce the unit cost for both purposes.

Sub-total.....	<u>2,295,000</u>
Grand Total.....	<u>3,195,000</u>

Mr. EARLY. The request for this item for fiscal year 1976 is \$10,135,-000, an increase of \$5,735,000 over the amount appropriated to date for the current fiscal year. The request for the transition period is \$260,000.

EAST ASIA PROJECT

The major portion of this request relates to the East Asia project for which you are requesting \$6,840,000. What is the total estimated cost of this project?

Mr. KEOGH. The total projected cost is \$15,850,000.

Mr. EARLY. Is this the first appropriation request to carry out the project?

Mr. KEOGH. Yes, sir.

Mr. EARLY. Can you give us some details with respect to the project? What are you planning to do and when do you expect to complete it?

Mr. KEOGH. This project is to add four additional 250 kw shortwave transmitters and related systems and power facilities at our Philippines Relay Station in Tinang. They are high-powered shortwave transmitters and they are designed to augment our facilities there to strengthen the Voice of America broadcasts beamed to China, Soviet Far East, Central Asia, and East Asia and South and Southeast Asia. An element of great importance with regard to this project is the fact that it will be necessary for us to stop using our transmitting facilities on Okinawa in 1977. That is the result of the reversion agreement with Japan for the island of Okinawa.

We can carry out this construction to add these transmitters to our Philippines field without any new agreement with the Government of the Philippines. This can be done under our existing agreements. The projection for completion is that we could reach that point 42 months after beginning.

TERMINATION OF OKINAWA FACILITY

Mr. EARLY. Is this going to replace a service or is it going to supplement a service that you are now providing?

Mr. KEOGH. It will take the place of, in part, our facility on Okinawa.

Mr. EARLY. What happens to the facility at Okinawa?

Mr. KEOGH. We are forced to stop using it and the equipment that is there will be disposed of. The manner in which we will dispose of that equipment is not yet settled but we no longer will be able to broadcast from there under the reversion agreement.

Mr. EARLY. Is this equipment outdated?

Mr. KEOGH. Yes, it is accurate to say it is outdated. The question, for example, whether we should take it out of there and make use of it somewhere else is related to the costs of moving it. While we are still not certain of the disposition, our approach at this time suggests that the costs of trying to move that equipment would be so great it would be counterproductive to do so.

INCREASE FOR MAJOR IMPROVEMENTS, REPLACEMENTS, AND REPAIRS

Mr. EARLY. It appears that you are requesting considerably more than usual for improvements, replacements, and repairs; would you comment?

MR. KEOGH. Yes. The Philippines project is the major item in that total request. Our other amounts involved are major needs, for example, at the relay station at Liberia. There is an item there of \$600,000 for additional generating capacity. The present generating capacity there is marginal and if it is necessary for us to have a major overhaul or trouble, our transmitting power would be reduced to a point where we would be having great difficulty.

MR. EARLY. Don't you have a standard amount appropriated and set aside for repairs and improvements?

MR. KEOGH. Yes; \$900,000 for the system.

MR. EARLY. Are these major improvements because we have not kept up these projects in the past?

MR. SILVERMAN. Sir, \$900,000 has covered a range of projects that generally come to something under \$100,000 each. Road repair, roof repair, really keeping basic parts of the system in good order. When a major shortcoming is noted, as these projects that the Director began to mention, we feel it necessary to come in for a request for additional funds beyond this normal level of—

MR. EARLY. You say the \$900,000 is general maintenance?

MR. SILVERMAN. Yes, sir. It is major maintenance but it is for relatively low-cost individual projects. We have a list of perhaps 23 projects that take up all of that \$900,000, ranging from a \$10,000 project to raise the transmission lines over roadways at a plant, to a \$75,000 project to add some antenna improvements at a plant.

VALUATION OF VOA PROPERTY

MR. EARLY. What is the total valuation of all your properties?

MR. SILVERMAN. At the Voice of America?

MR. EARLY. Yes.

MR. SILVERMAN. The total capital investment for the active current operating facilities is \$170,834,000.

BUDGET REQUEST FOR TRANSITION PERIOD

MR. EARLY. Your request for the transition period for salaries and expenses (special foreign currency program) and for special international exhibitions are considerably more than one-fourth of the annual budget of the appropriation item. Can you tell us briefly why you feel you need more than 25 percent of your annual budget for this transition period?

Supply us additional detail for the record.

[The information requested follows:]

TRANSITION PERIOD REQUEST FOR SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

The \$3,225,000 requested for this account consists of \$2,945,000 to continue the 1976 program level during the transition period and \$280,000 to cover multi-year lease renewals and additional nondiscretionary overseas wage and price increases that are anticipated to take place during the transition period. The first component represents 27.5 percent of the 1976 annual request, since the Agency generally incurs obligations at a heavier rate during the first quarter of the fiscal year and the wage and cost increases anticipated throughout 1976 will require full funding during the transition period. The \$280,000 portion is requested to provide \$25,000 for multi-year lease renewals falling due in the transition period.

\$66,000 for local wage scale increases, \$146,000 for cost increases, \$28,000 for shared administrative support wage and cost increases, and \$15,000 for local employee within-grade increases.

TRANSITION PERIOD REQUEST FOR SPECIAL INTERNATIONAL EXHIBITIONS

The request for this account is based on the heavy schedule of fall fairs and two showings of Bicentennial exhibits during the transition period. The details of the request follow:

Fairs and exhibitions:

International fairs-----	\$860,000
Solo showings in East Europe-----	322,000
Bicentennial year exhibits-----	318,000
Art and American scene exhibits-----	25,000
Operating costs-----	401,000
Subtotal -----	1,926,000
Labor missions-----	78,000
Total SIE transition period request-----	2,004,000

Mr. SILVERMAN. Basically, in both our "Salaries and expenses" accounts there are many rents overseas that you have to pay annually and many of them tend to fall in the first quarter of a fiscal year. In addition, the Press Service, Broadcasting Service, buy large increments of their supplies and their paper and other materials perhaps once or twice a year. They tend to buy one large segment at the beginning of the first quarter of the fiscal year and perhaps another segment later. That accounts for the weighting toward the first quarter of the "Salaries and expenses" account.

In the "Special international exhibits" account, there are large numbers of fall exhibitions and fairs which will be running in the first quarter of the year. That requires almost one-third of the funds in the first quarter of the year rather than 25 percent.

COMPETITION FROM INTERNATIONAL BROADCASTERS

Mr. EARLY. When you speak of competition in your statement, are you referring to the Soviet Union?

Mr. SILVERMAN. Is that on the radio?

Mr. EARLY. Is that in regard to the replacement of the equipment in the Philippines?

Mr. KEOGH. When we speak of competition we speak of other international radio broadcasters. The Soviet Union, yes, sir, is very important. Egypt has a very large international broadcasting operation. These and other international broadcasters are competitors for the listening audience. China has a large and important international broadcasting operation. They are indeed competing for the listening audience.

FOREIGN BROADCASTS TO UNITED STATES

Mr. EARLY. These other international communication systems, do they operate in the United States?

Mr. KEOGH. They broadcast to the United States.

Mr. EARLY. They do?

Mr. KEOGH. Yes. I would say all of those I mentioned do broadcast to the United States.

Mr. EARLY. Mr. Miller?

Mr. MILLER. Thank you.

Did I understand that other countries are broadcasting to the United States? Is that our own system that you referred to?

Mr. KEOGH. No; other countries do broadcast to the United States.

Mr. MILLER. Who would be their listening public?

Mr. KEOGH. Mr. Miller, I think that is a very significant question, and I am not sure that these broadcasters have any great listening audience here since we are really not a short-wave-listening Nation. There is some of it. There are people who are particularly concerned, who like shortwave, but I don't think they have a very great audience. However, the Soviet Union broadcasts to North America 70 hours in English.

Mr. MILLER. All shortwave?

Mr. KEOGH. Excuse me. It could be I may be wrong that that is all English. There could be some other language. It could be French, for example. The People's Republic of China broadcasts 56 hours a week to North America.

Mr. MILLER. How do they reach North America? Where would they have antennas to let them cover North America?

Mr. KEOGH. I am not entirely sure we can give you a good sharp answer to that question. We can try to give you a report on the best research we have on that.

[The information follows:]

BROADCAST BY PEOPLE'S REPUBLIC OF CHINA TO NORTH AMERICA

The transmitters in the People's Republic of China are believed to be located near Peking, but the Chinese do not disclose their actual location. These would provide the signal heard in the Western part of the United States. It is believed they use relay transmitters located in Albania to reach the Eastern part of the United States.

Mr. MILLER. I understand that you will be doing some research in that area?

Mr. KEOGH. Yes, sir.

HEW MOTION PICTURES

Mr. MILLER. I notice on the motion-picture and television sheets you gave us contracts to perhaps 100 organizations, the grand total was \$3,414,578. That was for the year 1974. Do you work by any chance with HEW? We have moneys that are allocated to HEW, Interior, and to other agencies for arts and humanities. Could they not produce some of the motion pictures that you would like to have?

Mr. KEOGH. We do have good communications with other agencies and the films that they have made for them. We screen them, and there are occasions when we do use them. I am not sure that we have recently done—I am not aware of anything we have done in conjunction with the HEW. We have done this trade opportunities film as a co-operative venture with the Department of Commerce but we do screen the film products of other agencies and one that has been very important to us over the past few years has been NASA. We have used their films, adapted their films to a considerable degree. I do not have with me and I don't know of any specific use of an HEW film.

One of the Bicentennial programs that we are talking about here would call for the transmission of ethnic observances of the Bicenten-

nial taking place in the United States to be transmitted by satellite to the native country and received and telecast there. That is something relatively new, and we think we will make good arrangements to do this. We are just beginning to move into the satellite usage in the television field.

ENVIRONMENTAL PROGRAMS

Mr. MILLER. You said that you made some television tapes and sent them over. Apparently those are put on the local television stations. Do you produce programs on topics where the United States is the world leader, such as the environment?

Programs on the environment would not only portray America in a favorable light, but also might encourage others to take action. They need to be as concerned as we are.

If we could get the message out to other nations that they, too, have a responsibility, it might make them want to help. I think they would want to do it. They, too, have children and they are interested in what they do. It needs to be brought to their attention. As a matter of fact, I did that very thing a couple of years ago. I asked to go to a sewage disposal plant in one of the world's capitals and their scientific people told me, "I am sorry, we don't have one." Not one. They now have a television program that is telling the story of what they are doing to the streams in their country.

Mr. KEOGH. One of the subjects that has very high priority in everything we did, all of our media, broadcasting, exhibits, magazines, is the environment. So we are indeed working on the subject in very much the way that you have outlined it here. In 1973, our major exhibit was Progress in the Environment. We took that to a number of countries, Eastern Europe and the Soviet Union. As a matter of fact, I went to open it in Katowice, Poland, in 1973, where the situation you described is a very, very important factor. It is an industrial town burning coal, and there was tremendous interest in this exhibit which showed what was being done, what could be done, what might be done to protect the environment, having to do with pollution of the air and water.

We found really great interest in this subject and we continue to program that in every way we can.

Mr. MILLER. Environmental programs would help both the United States and the foreign country. Naturally, they would benefit more directly, but any environmental progress helps us, too. Is there that dual purpose?

Mr. KEOGH. We are sending it out with the basic purpose of trying to get all countries of the world where we program to be interested in the problem of the environment and in cleaning up their environment. However, it is necessary for us, of course, to be relatively subtle about how we do this, that we do not seem to be preaching to that country. It has to be done with as much skill as we can bring to it.

STANDBY GENERATORS FOR OVERSEAS FACILITIES

Mr. MILLER. You mentioned \$5,704,000 increase in fuel. You mentioned that you have additional construction costs for generation. Do you have standby generation in all of your transmitting stations so that if power would be cut off you could still operate?

Mr. KEOGH. I would have to say we do not have standby generation at all of our installations.

Mr. MILLER. Do you frequently find that the stations have an interrupted electrical energy supply?

Mr. KEOGH. There are some incidents of that but I think the down-time in the last reports that I have seen has not been so serious. It is one of the aspects of our request for improvements, including the Philippine request. I should say our whole system of transmission for the Voice of America is inadequate. We know it. We have been gradually trying to come for appropriations to improve it. It will be necessary for us to come again for more appropriations to improve it. It is a very serious problem for us, the matter of signal, how strong we come into any part of the world.

Mr. MILLER. It seems to me that if people are relying on an American station and knowing it is an American station, facility reliability would be important. People would think of us as being reliable in relation to the amount of time they would be off the air. I would think it would be vitally important psychologically.

Mr. KEOGH. That is a very important point, to try to have as little in the way of interruption or weak signal as possible. It is an essential point. We mentioned it in passing this morning. We are discussing and planning in the direction of research into superpower transmitters that might transmit securely from American soil, but that is probably a considerable distance away.

SATELLITE TRANSMISSION

Mr. MILLER. With satellite?

Mr. KEOGH. There is a very serious problem about satellite transmission. We can look into this, discuss it, but there is not yet developed, anywhere in the world, a satellite that is powerful enough to send a signal that can be picked up by the usual listener's receiver. At the other end of the satellite we need a relay station to transmit to the individual's receiver.

Once again, every time we probe at that question we are told that it will probably be a considerable number of years before that kind of satellite is available.

Mr. MILLER. It seems like that would be available right now with ships offshore that would pick up signals from the satellite and relay them onto the land.

Do you use ships in some cases?

Mr. KEOGH. We have in the past but we do not as a regular matter. The whole matter of the antenna, the necessity for a large antenna makes the use of ships a very limited proposition.

Mr. EARLY. Thank you.

Mr. SLACK. Mr. Chairman, may I make one final observation and take this opportunity to commend Mr. Keogh and Mr. Kopp and also Mr. Silverman for the excellent manner in which I believe this Agency is managed.

Your direct and forthright responses to questions in this hearing today point up the fact that you have given very close and complete scrutiny to this budget request. It also points up the fact that you have

a very vast knowledge of your subject matter contained in this subject. I simply want to take this opportunity to commend you gentlemen.

Mr. KEOGH. Thank you very much, Mr. Chairman.

Mr. EARLY. I want to also echo the sentiments of the Chairman. You certainly, with a very small staff, are able to move swiftly in obtaining information the committee members ask for. It was very impressive.

If there are no further questions, we thank you gentlemen.

Mr. KEOGH. I thank you, Mr. Early.

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