

*An Assessment of Alternative Economic
Stockpiling Policies*

August 1976

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**An Assessment of
Alternative Economic
Stockpiling Policies**



UNITED STATES
CONGRESS
Office of Technology
Assessment

August 1976

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AUG 23 1976

Committee on Science and Technology
U. S. House of Representatives
Washington, D. C. 20515

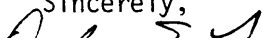
Gentlemen:

On behalf of the Board of the Office of Technology Assessment, we are pleased to forward a report: An Assessment of Alternative Economic Stockpiling Policies.

The report concludes OTA'S assessment of the attributes and ramifications of a national program to acquire, hold and dispose of materials for selected economic (nondefense) purposes.

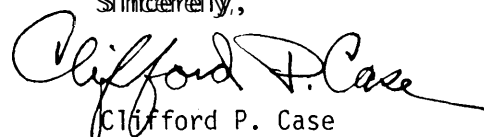
This assessment was performed in accordance with your request to the Office of Technology Assessment dated December 13, 1974. An earlier summary of this report was transmitted to the Committee in February 1976.

Sincerely,



Olin E. Teague
Chairman

Sincerely,



Clifford P. Case
Vice Chairman

Enclosure

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WASHINGTON, D.C. 20510

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AUG 19, 1975

The Honorable Olin E. Teague
Chairman of the Board
Office of Technology Assessment
Congress of the United States
Washington, D. C. 20515

Dear Mr. Chairman:

The enclosed report, "An Assessment of Alternative Economic Stockpiling Policies," presents OTA's analysis of the impacts of implementing one or a combination of several alternative materials stockpiling policies for economic (nondefense) purposes.

The assessment was requested by the Chairman and the Ranking Minority Member of the House Science and Technology Committee, and was prepared by the Materials Program staff, under the supervision of Dr. A. E. Paladino, with the assistance of the OTA Materials Advisory Committee, personnel from three major contractors, and several consultants.

The report specifically: (1) delineates the possible legislative options which the Congress may want to consider in deliberating the issue of economic stockpiling; (2) presents the economic, political, social, institutional, and legal impacts of five economic stockpiling policies; and (3) suggests possible management and operational guidelines for establishing and operating an economic stockpile.

While the request for the assessment originated in the House Committee on Science and Technology, it has been extensively used by the National Commission on Supplies and Shortages (NCSS) and the Joint Committee on Defense Production, Subcommittee on Materials Availability. In separate briefings of both staff and the Commissioners, OTA project personnel have made concerted efforts to assist the Commission in evaluating the complex nature and impact of economic stockpiling--including coordinating with NCSS staff presentations for the August 1976 Engineering Foundation Conference in Henniker, New Hampshire, on the "Engineering Implications of Chronic Materials Scarcity."

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OTA project personnel also have assisted the staff of the Joint Committee on Defense Production, Subcommittee on Materials Availability through several detailed briefings and discussions, as well as during the planning of their hearings conducted June 8-9, 1976 on the "Purposes and Organization of Economic Stockpiling. "

Sincerely,

A handwritten signature in black ink, appearing to read "Emilio Q. Daddario". The signature is fluid and cursive, with a large initial "E" and a distinct "Q".

EMILIO Q. DADDARIO
Director

Enclosure

PREFACE

This assessment is an analysis of the attributes and consequences of a national economic stockpile program to acquire, hold, and dispose of materials for various public purposes. The assessment is one element of a broad consideration of materials-related problems being undertaken by the Office of Technology Assessment (OTA) in support of the policymaking activities of Congress. Related projects in the OTA Materials Program concern materials information systems, recycling and resource recovery, conservation, and minerals accessibility on Federal lands.

The present assessment was requested by the House Committee on Science and Technology which asked for an analysis of the "legislative options in the uses of a national stockpile to assist in the development and use of materials technology for public purposes. " The principal objective of the assessment is to provide data and information for Congress to use in considering, first, the attributes and consequences of an economic stockpile implemented as a possible national strategy for discouraging or counteracting materials supply and price problems, and second, what methods are required to establish and operate such a stockpile. While the assessment is in response to the House Committee on Science and Technology, the results will also provide information and analyses useful to Congress at large, as well as to the National Commission on Supplies and Shortages.

The assessment focuses primarily on materials problems related to sudden discontinuities in the long-range supply/demand of a given material, resulting in complete or partial disruptions and abrupt price changes. The study specifically excludes an analysis of food commodities, which are being analyzed in another OTA assessment, and concentrates on metals and minerals.

One of the major propositions of the study is that economic stockpiling policy can and should be made independently of specific materials properties or characteristics. In contrast, the usual approach for analyzing materials stockpiling has been to start with specific materials and then develop public policies to satisfy their individual requirements. Furthermore, economic stockpiling policy should be made and implemented in full consideration of the expected benefits and costs of such action.

This Final Report was prepared by the Office of Technology Assessment materials program staff, with contributions from: (1) an Advisory Committee comprised of individuals drawn from the materials field, academia, labor,

public interest groups, and private industry; (2) several private contractors; as well as (3) numerous other private and public agencies. The Advisory Committee provided advice and critique throughout the assessment, but does not necessarily approve, disapprove, or endorse the report, for which OTA assumes full responsibility.