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REPORT
No. 91-933

SUSPENSION OF DUTIES ON MANGANESE ORE

JUNE 16, 1970.—Ordered to be printed

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

REPORT

[To accompany H.R. 14720]

The Committee on Finance, to which was referred the bill (H.R. 14720) to continue until the close of June 30, 1973, the existing suspension of duties on manganese ore (including ferruginous ore) and related products, and for other purposes having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

Purpose of House Bill

The bill as it passed the House, and as it has been approved by the Committee on Finance, would continue until June 30, 1973, the existing suspension of duties on manganese ore.

Committee Amendment

The Committee on Finance has added a new section to the bill extending for 4 months the period during which States would have to assure aged, blind, and disabled social security beneficiaries who also receive welfare an increase of at least \$4 in their combined income from social security and welfare. The committee amendment would also accord similar treatment to increases in railroad retirement benefits which may become law this year.

Extension of Existing Suspension of Duties on Manganese Ore

H.R. 14720 would continue until the close of June 30, 1973, the existing suspension of duties on tariff item 911.07, "manganese ore, including ferruginous manganese ore, and manganiferous iron ore, all

the foregoing containing over 10 percent by weight of manganese." The suspension of duty, which has been in effect since July 1, 1964, is due to expire June 30, 1970. The duty-free treatment is not applicable to imports of those articles from countries not accorded most-favored-nation treatment (i.e., Communist countries, except Poland and Yugoslavia). Such imports are dutiable at 1 cent per pound on the manganese content.

In the absence of the suspension of duty, imports of manganese ores would be entered under TSUS item 601.27, presently subject to a most-favored-nation duty of 17 cents per pound on manganese content. As a result of the Kennedy round trade agreements, this duty is being reduced in stages to 12 cents per pound on manganese content on January 1, 1972 (or, based on 1969 import data, an ad valorem equivalent rate of approximately 6 percent).

Imports of manganese ores have decreased since 1965 when they totaled about \$110 million and the manganese content of the ores amounted to approximately 1,837,000 tons. In 1969, total value of imports was about \$39 million and the manganese content was approximately 983,000 tons. In 1969, Brazil and Gabon were the principal sources of U.S. imports. India and several African and South American countries also supplied substantial quantities of the ore.

There is very little domestic production of manganese ores. Imports account for over 95 percent of the total new supply in this country. The domestic users of manganese ores, for the most part ferromanganese producers, are facing increased competition from imports of ferromanganese. Further extension of duty-free treatment of manganese ores would mean a continued savings of \$3 to \$4 per ton to domestic ferromanganese producers and would assist them in maintaining their current position with respect to the foreign product.

The principal use of manganese ore is for metallurgical purposes in the production of steel. Much smaller amounts are consumed in the production of dry cell batteries and in the manufacture of manganese chemicals.

Consumers of manganese ore in the United States are principally producers of manganese ferroalloys, primarily ferromanganese, and to a lesser extent silicomanganese.

The committee agrees with the House that the continued suspension of duty on manganese ore provided in H.R. 14720 is fully justified and warranted. In addition to the fact that there is little production of manganese ore in the United States, in many respects the characteristics of the ore that is mined domestically render it noncompetitive with imported ore.

The committee also believes that enactment of H.R. 14720 is desirable from the standpoint of domestic producers of ferromanganese and other manganese alloys. Continued suspension of the duty on the basic raw materials will aid in reducing costs to these processors and in enhancing the competitive position of domestically produced alloys in the market.

Favorable reports on H.R. 14720 have been received from the interested Federal departments and agencies, as well as an informative report from the U.S. Tariff Commission. We have received no information which would indicate any opposition to the legislation.

Treatment of Social Security and Railroad Retirement Benefits for Public Assistance Purposes

Last December, the Congress enacted the Social Security Amendments of 1969 as title X of the Tax Reform Act of 1969. The amendments provided a 15-percent across-the-board increase in social security benefits. Though the benefit increase was to be effective beginning January 1970, the Social Security Administration was not able to complete its processing of the increase in benefits until March 1970. Thus it was understood that the 15-percent increase would first be reflected in checks received by beneficiaries early in April (the benefits payable for the month of March). It was further expected that the retroactive increase for the months of January and February would be mailed to beneficiaries in a separate check later in April.

The 1969 amendments also contained special provisions relating to the treatment of the social security benefit increase for public assistance purposes. Under section 1006 of the amendments, each State was required, in determining the need of its public assistance recipients, to disregard the retroactive payment of the social security benefit increase received in April.

Under section 1007 of the 1969 amendments, each State was also required, in determining the need of its public assistance recipients, to assure that every aged, blind, or disabled recipient who also received a social security benefit increase under the bill would realize an increase in his combined income from public assistance and social security equal to \$4 a month. In other words, if an aged individual's social security benefits were increased by \$12 monthly, his public assistance could not be reduced more than \$8. The State was permitted to achieve this result either by disregarding a portion of the individual's social security benefit or by raising the State's standard of assistance for all recipients under the assistance program involved.

This requirement under the 1969 Amendments was made applicable only to the months before July 1970; it was thought that this would allow the Congress time to consider the problem more thoroughly in connection with its work on major welfare proposals this year.

In April the House of Representatives passed H.R. 16311, the Administration's proposed welfare legislation. One provision of this bill would have deleted the June 1970 limitation on the \$4 pass-along provisions continuing it as a requirement indefinitely.

The Committee on Finance began hearings on H.R. 16311 April 29, 1970. On May 1, the committee recessed its hearings to allow the Department of Health, Education, and Welfare an opportunity to revise the bill to correct its defects, and to put work incentive features into it. The Department of Health, Education, and Welfare has not yet sent up its complete revised welfare bill.

It is clear that the Congress will not be able to complete action on major welfare legislation by June 30. As a procedural matter, the com-

mittee recommends that the present \$4 pass-along provision be extended for 4 more months, through October 1970, to permit the committee and the Congress time to complete action on major welfare legislation.

In April of this year, the House of Representatives also passed H.R. 15733, a bill which would increase railroad retirement benefits by 15 percent, effective January 1970. It is the committee's view that the railroad retirement benefit increases should be treated for public assistance purposes in the same manner as the social security benefit increases. Accordingly, the committee amendment would:

(1) Require States to disregard for public assistance purposes any retroactive payment of a railroad retirement benefit increase as may be provided under legislation enacted by the Congress this year;

(2) Require States to increase by at least \$4 the combined income from railroad retirement benefits and public assistance for those aged, blind, and disabled welfare recipients who also receive railroad retirement benefits. This requirement, effective through October 1970, would accord the same treatment to railroad retirement beneficiaries as was given social security beneficiaries.

Changes in Existing Law

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

TARIFF SCHEDULES OF THE UNITED STATES

APPENDIX TO THE TARIFF SCHEDULES

PART 1.—TEMPORARY LEGISLATION

Item	Articles	Rates of Duty		Effective period
		1	2	
*	* * * *	*	*	*
SUBPART B.—TEMPORARY PROVISIONS AMENDING THE TARIFF SCHEDULES				
911.07	Manganese ore, including ferruginous manganese ore, and manganiferous iron ore, all the foregoing containing over 10 percent by weight of manganese (provided for in item 601.27, part 1, schedule 6)....	Free.....	1¢ per lb. on manganese content.	On or before [6/30/70] 6/30/75
*	* * * *	*	*	*
Social Security Amendments of 1969				
*	* * * *	*	*	*

SEC. 1006. DISREGARDING OF RETROACTIVE PAYMENT OF OASDI BENEFIT INCREASE AND OF RAILROAD RETIREMENT BENEFIT INCREASE.

Notwithstanding the provisions of sections 2(a)(10), 402(a)(7), 1002(a)(8), 1102(a)(8), and 1602(a)(13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, of such Act, shall disregard (and the plan shall be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount paid to an individual (1) under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof), in any month after December 1969, to the extent that [(1)] (A) such payment is attributable to the increase in monthly benefits under the old-age, survivors, and disability insurance system for January or February 1970 resulting from the enactment of this title, and [(2)] (B) the amount of such increase is paid separately from the rest of the monthly benefit of such individual for January or February 1970; or (2) as annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, if such amount is paid in a lump-sum to carry out any retroactive increase in annuities or pensions payable under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935 brought about by reason of the enactment (after May 30, 1970 and prior to December 31, 1970) of any Act which increases, retroactively, the amount of such annuities or pensions.

SEC. 1007. DISREGARDING OF INCOME OF OASDI RECIPIENTS AND RAILROAD RETIREMENT RECIPIENTS IN DETERMINING NEED FOR PUBLIC ASSISTANCE.

In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid or assistance in the form of money payments to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual receiving aid or assistance for any month after March 1970 and before [July 1970] November 1970 who also receives in such month (1) a monthly insurance benefit under title II of such Act which is increased as a result of the enactment of the other provisions of this title, the sum of the aid or assistance received by him for such month, plus the monthly insurance benefit received by him in such month (not including any part of such benefit which is disregarded under section 1006), shall exceed the sum of the aid or assistance which would have been received by him for such month under such plan as in effect for March 1970, plus the monthly insurance benefit which would have been received by him in such month without regard to the other provisions of this title, by an amount equal to \$4 or (if less) to such increase in his monthly insurance benefit under such title II (whether such excess is brought about by disregarding a portion of such monthly insurance

benefit or otherwise), or (2) a monthly payment of annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935 which is increased as a result of the enactment (after May 30, 1970 and before December 31, 1970) of any Act which provides general increases in the amount of the annuities or pensions payable under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, the sum of the aid or assistance received by him for such month, plus the monthly amount of such annuity or pension received by him in such month (not including any part of such annuity or pension which is disregarded under section 1006), shall (except as otherwise provided in the succeeding sentence) exceed the sum of the aid or assistance which would have been received by him for such month under such plan as in effect for March 1970, plus the monthly annuity or pension which would have been received by him in such month without regard to the provisions of the Act enacted by such enactment, by an amount equal to \$4 or (if less) to such increase in his monthly annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935 (whether such excess is brought about by disregarding a portion of such annuity or pension or otherwise). If, in the case of any individual, the provisions of both clauses (1) and (2) of the preceding sentence are applicable to him with respect to any month, any increase in the annuity or pension (referred to in clause (2) of the preceding sentence) of such individual for such month shall, for purposes of such sentence, be treated as an additional increase in the amount of his monthly insurance benefit under title II of the Social Security Act for such month in lieu of an increase for such month in his annuity or pension (as so referred to).

