

It is my firm conviction that this study is a prerequisite to sound reform and the development by the Congress, the States, and the industry of a modern, fair, and efficient compensation system.

Thank you, Mr. Chairman.

Mr. Moss. Thank you, Mr. Secretary.

On your last page next to the concluding paragraph, you suggest the elimination of the precise dollar amount and substitution of an open-ended authorization.

Now, it has been the policy of the Commerce Committee for quite a number of years not to make open-ended authorizations.

In view of this fact, would you state what in your best judgment is the necessary amount to carry out the study and investigation and would you then submit for inclusion in the record how that amount would be allocated to carry out the study and investigation.

Secretary Boyd. The best figure we can give you right now is about \$2 million. The general allocation would be as follows:

Staff salary, \$575,000; field salaries, \$600,000; contracts, \$700,000; consultants, \$150,000, and administration, \$150,000.

The figures are, we believe, conservative.

We are talking about, as I mentioned in my testimony, the automobile insurance industry which generates premiums at a rate close to \$10 billion a year and about a thousand companies in 50 States plus the District of Columbia and the Commonwealth of Puerto Rico.

There has been no comprehensive study of the nature we are attempting to undertake. I do not consider myself a conservative in approach, Mr. Chairman, but I learned when I was in a previous position as Chairman of the Civil Aeronautics Board, signing off on accident reports, that it costs a great deal of money merely to develop facts to the point where we can say that we can stand on these facts.

We expect a great deal of assistance from the industry, from the States and from the other Federal agencies. We are not in any way attempting to be extravagant in the expenditure of funds but I think that here is an opportunity for the Nation to obtain an absolutely comprehensive study of the facts of this industry, how it operates, its strengths and its weaknesses. I would hate to find us in a position where \$2 million was 75 or 80 percent of what we needed to do that.

As you know, an open-ended authorization would not mean that we would be able to obtain more money just because of that fact. We would still have to justify our expenditures. We are not seeking to spend as much money as we can. We are seeking to spend as little as we can. But I think this is a matter of such vital importance that we should not be subject to an arbitrary dollars limit when nobody really knows what the cost of this study will be.

Mr. Moss. This is my 12th year on the Commerce Committee and during that time I can recall no instance where the committee has departed from its policy of requiring a specific sum.

I would doubt seriously that even if this subcommittee were to unanimously recommend to the full committee that we would be able to secure enactment of an open-ended authorization.

I would suggest, therefore, that you call upon the resources of your Department to try to come up with a figure that you feel would be adequate.