policy, synfuel loan guarantees will be extended to oil companies that are hardly in need of subsidized credit. Moreover, the increased price of oil resulting from decontrol has improved the competitiveness of synfuels, providing incentives for energy companies to make synfuels investments without a subsidy. Eliminating synfuel guarantees would also result in a reduction of federal intervention in credit markets (see Appendix A-270-e).

## Eliminating or Reducing Interest Subsidies

The present value of explicit interest subsidies in new federal credit extensions for 1982 is currently estimated at nearly $15 billion, assuming that borrowers could have obtained funds unaided at 15 percent. This does not include the implicit subsidies resulting from government support to riskier borrowers and projects than those financed by private markets. If interest rates and other loan terms were set at market levels, federal loan volume would decline. This would result in savings from increased interest receipts per dollar loaned as well as lower outlays from reductions in loan levels.

Below market rates and guarantee fees provided through the Export-Import Bank are an example of this kind of federal credit. These subsidies benefit owners and workers of exporting companies and foreign purchasers at the expense of U.S taxpayers, importers, and consumers. Reduced subsidies would result in outlay savings of $342 million over the next five years (see Appendix A-150-c).

Higher interest rates could also be used to reduce subsidies in the farm ownership and operating loan programs of the Farmers Home Administration (see Appendix A-350-a). Availability of subsidies may have encouraged some marginal farms to remain in operation. Though this provides support to the farm owners, it does little to improve their productivity or to increase the food supply. Raising interest rates on these programs would result in outlay savings of $387 million over the next five years.

Because of recent high interest rates, programs whose interest rates were fixed by statute some time ago or whose formulas allowed their rates to grow more slowly than market rates now offer substantial subsidies where none or little was originally intended. The Congress might, therefore, wish to revise these interest rates and other loan requirements to bring them up to date, and to improve their flexibility so that subsidy levels do not automatically

fluctuate with market interest rates. For example, the maximum interest rate under the Guaranteed Student Loan (GSL) program was set at 7 percent in 1965, when the government's own borrowing costs were less than 5 percent. Over the years, as market interest rates rose to 17 percent and higher, the GSL borrower's interest obligation remained at 7 percent, with the government paying the difference. Recognizing that the subsidy had grown, the Congress reduced it at the end of 1980, by raising the interest rate to 9 percent for all new borrowers. Even so, the subsidy remains high. Currently it is 7 percent on top of the 9 percent paid by the borrower. The costs of this program could be further reduced by again raising the students' borrowing charges to take into account continuing high market interest rates.

## Revising Eligibility Criteria and Loan Terms

The two strategies outlined above provide approaches to federal credit that, if consistently applied, would eliminate or thoroughly restructure most existing credit programs. In practice, the Congress might wish to move more slowly in curtailing federal credit activity and, instead, initiate a set of interim steps to alter the operation of current programs.

If the Congress wished to continue to provide subsidized credit for certain activities, it might choose to target assistance more narrowly. Stricter focusing of eligibility requirements and tightening of unnecessarily lax loan terms could make existing programs more cost-effective by directing subsidies to those in need of assistance without aiding potential borrowers who have an unduly high risk of default.

Tighter eligibility rules would lead to a smaller number of loans with little diminution in program effectiveness. For example, the government could limit the Aircraft Purchase Loan Guarantee Program to airlines serving small communities. By directing loan guarantees to commuter carriers that generally serve communities of less than 5,000 persons and through stipulations on appropriate aircraft size, the current $650 million ceiling on loan guarantees could be reduced.

The Food for Peace (P.L. 480) credit sales could be limited to countries in which the United States has a strong foreign policy interest or which are experiencing food shortages (see Appendix A-150-b). The present program frequently includes lending to

countries that do not need the commodities urgently but only purchase them because of the large subsidy. Similarly, loan terms for foreign military sales and economic support loans (see Appendix A-150-a) to middle-income countries could be revised. The loan terms for economic and military aid to U.S. allies are now designed to meet the needs of the poorest nations. But setting lower standards to help these countries also permits such lending to wealthier countries that could borrow with higher interest and shorter maturities.

## PROMOTING SOUND BUDGETING PRACTICES

Much of the mushrooming of federal credit programs has occurred because the size and the cost of the programs have been omitted or obscured in budget totals. Correcting the budgetary treatment of federal credit activities may be one of the best vehicles for inducing a reduction in federal lending in the long run, although it would produce this result only indirectly. The problem described in this section arises from the use of the Federal Financing Bank (FFB) as a source of inexpensive, off-budget financing for on-budget agency programs.

Sales of Certificates of Beneficial Ownership. Several direct lending agencies, notably the Farmers Home Administration and the Rural Electrification Administration, sell securities backed by their loan portfolios--certificates of beneficial ownership (CBOs)--to the FFB. The sale of these certificates is treated in agency budgets as a reduction in their volume of outstanding loans, that is, as a receipt. Through the sale of CBOs, the agencies can transfer the dollar volume of their loans (though not responsibility for servicing them or any risk) to the FFB and thus, to off-budget status. This allows the agencies to make a larger number of loans without showing any increase in their own budgets. Budget experts have long argued that the CBOs would be more appropriately treated as a means of financing the agencies' lending, and that the loan outlays should remain under the budget accounts of the agencies that originally make the loans.

FFB Extensions of Agency-Guaranteed Loans. A number of agencies providing loan guarantees use the FFB as their banker. Borrowers with agency guarantees can get federal direct loans from the FFB at rates only slightly higher than Treasury rates. In this manner, loan guarantees by budget agencies are converted to off-budget direct loans. The FFB substitutes for a private financial

institution, but assumes no servicing functions; all responsibility for the loans remains with the guaranteeing agency. A budget accounting more accurately reflecting the source of funds and accountability for the loan would treat these as on-budget direct loans by the guaranteeing agencies.

These accounting changes would raise the outlay and deficit totals stated in the unified budget by about $16 billion in 1982, and eliminate the major portion of off-budget outlays. They would have no effect on the actual state of federal finances, but rather would reflect that state more accurately. 1/

## CONCLUDING COMMENTS

Reductions in federal credit activities could be achieved by eliminating programs designed to overcome market flaws where those flaws no longer exist, by eliminating or reducing subsidies, or by targeting subsidies better to reach beneficiaries most in need of credit assistance. The result would be some reduction in unified budget outlays and a substantial reduction of the federal presence in credit markets.

This chapter has stressed that the reason for concern over federal credit programs is not only their budgetary impact but also their broader effect on capital markets. In order to be able to weigh these effects, the Congress needs a framework for deciding upon federal credit activity as a whole, such as is provided by the credit budget. The Congress must be able to hold its several committees accountable for the impact of their individual decisions on total federal credit programs, and to prevent the Administration from taking executive actions at variance with prior Congressional actions, such as the proposed $20.3 billion reduction in 1982 loan guarantee commitments. Full integration of the credit budget into the Congressional budget process would provide that accountability.

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1. For further discussion of the FFB and possible changes in its budget treatment, see Congressional Budget Office, The Federal Financing Bank and the Budgetary Treatment of Federal Credit Activities (January 1982).

# APPENDIXES

## APPENDIX A. BUDGET REDUCTION OPTIONS

This appendix contains discussions of 69 budget reduction options. Each discussion specifies a potential legislative proposal and then provides an estimated five-year budget savings for the proposal. The major advantages and disadvantages of each proposal are also briefly presented.

The budget savings estimates are all relative to the CBO baseline as published in Baseline Budget Projections for Fiscal Years 1983-1987, February 1982. All estimates are in current dollars. The CBO baseline is not intended to be a forecast of what will happen, but rather it is a neutral baseline of what the federal budget might look like during the next five years if the policies embodied in Congressional budget actions through December 31, 1982, were continued unchanged, and if the economy performed according to the CBO economic assumptions as presented in The Prospects for Economic Recovery, February 1982. Demographic shifts and adjustments to compensate for inflation in discretionary programs are reflected in the baseline.

Most of the budget reduction options in this appendix are referred to under the various budget strategies in the preceding chapters. A few of the options, however, do not appropriately fit under a specific strategy and, therefore, are discussed only in this appendix. The inclusion of an item in the appendix, or its omission, does not imply a recommendation by the Congressional Budget Office. The items presented are simply illustrative examples of ways to cut federal outlays.

The savings estimates given in the items represent only direct budgetary effects in those specific programs and do not include any secondary effects or offsets in other programs. A secondary effect would be, for example, when a large budget reduction lowers real GNP, which in turn increases unemployment and thus federal payments for unemployment compensation. Such a secondary effect is not reflected in the estimates. Similarly, direct offsets on other federal programs, such as the impact of a reduction in the AFDC program on food stamp spending is not reflected.

The savings estimates for the individual options cannot be added to an aggregate total because some of the proposals are alternatives for the same program and because, as just noted, some may have offsets in other programs. Unless specified otherwise, the estimates assume that the proposals under discussion take effect on October 1, 1982. Options that would reduce net outlays, such as increased offsetting receipts, are discussed in this appendix, while those to increase revenues directly are presented in Appendix B.

The options in this appendix are ordered according to the budget function they would affect, beginning with national defense (050) and concluding with two options that would affect all the functions. Each option has an identification code: the A refers to Appendix A; the three digits refer to the budget function number; and the lowercase letter is an ordering within the budget function that, by and large, follows the subfunction sequence in the budget accounts.

ELIMINATE DUAL PAY FOR RESERVISTS WHO ARE FEDERAL EMPLOYEES
(A-050-a)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 47 | 50 | 53 | 57 | 61 | 268 |
| Outlays | 47 | 50 | 53 | 57 | 61 | 268 |

About 98,000 federal civilian employees who are reservists in the armed forces receive both civilian and military pay during their two-week annual period of active duty for training. They also receive their regular vacation entitlement. Earlier administrations have recommended paying such employees the greater of their civilian or reserve salaries, rather than both. Adopting this initiative would save about $268 million over the next five years. Savings could all be in defense if the change was implemented by reducing reserve pay, or they could be spread throughout the federal budget under other schemes.

Those who favor such a change point out that the dual pay practice is generally not followed by private employers, nor by the federal government itself when a reservist is called up for state duty. Under those circumstances, the employee receives only the higher salary. Moreover, the practice may attract disproportionately large numbers of federal employees to the reserves, despite the greater likelihood that their civilian jobs would excuse them from a military mobilization. The counterargument is that the change could have an adverse effect on recruiting and retention of reserves--in a force already falling short of its enlisted manning goals. (If the Congress limited the change to officer reservists--who are not in short supply--the savings over the next five years would still amount to about $100 million relative to the CBO baseline.)

PHASE IN OVER THE NEXT THREE YEARS THE "HIGH-3" RETIREMENT BENEFIT CALCULATION FOR ALL MILITARY PERSONNEL
(A-050-b)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 1 | .27 | 75 | 141 | 216 | 460 |
| Outlays | 1 | 27 | 75 | 141 | 216 | 460 |

Traditionally, military retirement benefits have been calculated as a percentage of the individual's basic pay on the day of retirement. In 1980, the Congress decided instead to base military retirement on average pay during the three years when it was highest, the same procedure used in calculating federal civilian retirement annuities. The change, however, applied only to new recruits. Thus, it will take many years before significant savings appear.

This option would accelerate the change by phasing it in over the next three years. Under this approach, all those who retire within 36 months of the date of enactment would base their retirement on average basic pay during the months since enactment. Those who retire thereafter would have their retirement benefit calculated on the average of the three years of highest basic pay.

CBO estimates that this change in computing retirement benefits would save $460 million over the next five years. Opponents of such change argue, however, that any such reduction in benefits will adversely affect military retention. (CBO estimates suggest an overall reduction of about 3 percent in enlisted retention and about 4 percent in officer retention.) Opponents also point out that it represents an inequitable treatment of military personnel who served with the understanding that their retirement benefits would not be downgraded once they committed themselves to a military career.

REDUCE COST-OF-LIVING ALLOWANCES FOR WORKING-AGE MILITARY RETIREES (A-050-c)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 162 | 459 | 764 | 1,056 | 1,331 | 3,772 |
| Outlays | 162 | 459 | 764 | 1,056 | 1,331 | 3,772 |

The military retirement system provides benefits for 1.4 million persons at a cost of about $15 billion in fiscal year 1982. Most military retirees are relatively young when they begin drawing their benefits; for example, the average age of nondisability active-duty retirees in 1980 was 45.4 in the case of officers and 41.6 for enlisted retirees.

This option would provide half the regular cost-of-living increase for retirees under age 60, with a catch-up raise at age 60 to make up for the half raises. Proponents of such an approach would argue that younger retirees, most of whom would be working in second careers, need less protection from inflation than their older nonworking counterparts. Such a shift would also lessen the incentive to leave the military after serving less than a full career of 30 years or more. Opponents of such a change might well argue that any reduction in future retirement benefits would adversely affect career decisions by those short of retirement eligibility. Indeed, other incentives, such as greater use of reenlistment bonuses, may have to be adopted to offset negative retention effects in key skills. Without considering the increased cost of reenlistment bonuses, however, CBO estimates that the cumulative five-year savings under this option would be about $3.8 billion.

The estimate of savings assumes that changes under this option are made for all retirees at the beginning of fiscal year 1983. If the Congress "grandfathered" or protected from any reductions all of today's retirees, there would be little or no savings over the next few years; if it protected all those now on active duty as well, the savings would not begin until the twenty-first century.

INCREASE INTEREST CHARGES ON BILATERAL DEVELOPMENT LOANS
(A-150-a)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 5 | 40 | 96 | 164 | 235 | 540 |
| Outlays | 5 | 40 | 96 | 164 | 235 | 540 |

The United States makes loans to developing countries through functional assistance programs, through Title I of Public Law 480 (food aid), and through the Economic Support Fund. In 1981, functional assistance loans amounted to $410 million, food aid loans to $674 million, and Economic Support Fund loans to $274 million, for a total of $1.4 billion.

Savings might be achieved by reexamining the interest-rate subsidy in these programs. Since the Foreign Assistance Act specifies only the minimum allowable rates, the President could decide to raise the rates charged on bilateral loans without explicit action by the Congress. Alternatively, the Congress could legislate a formula tying rates to an assisted country's income level. At present, the following interest rates apply to most borrowing countries: 2 percent during implementation of a project, when only payments of interest are made; and 3 percent once the project is operating, when payments of both interest and capital are required. On loans made in 1981, each percentage point increase in the interest rate could produce savings of up to $14 million annually. Since interest rates cannot be increased on outstanding loans, savings would accumulate over time. For example, if the average interest rate on development loans was increased to 8 percent, savings would be $5 million in 1983, and $540 million over the next five years.

Proponents of such interest-rate increases argue that when these loan programs were initiated they involved smaller subsidies because market interest rates were lower. In many cases, changes in economic conditions rather than policy actions have determined the degree of subsidy in these loans.

At the same time, the size of the interest subsidy might be varied according to the income levels of recipient countries. Currently, the same interest rates apply to most borrowing countries, although the payback period on loans can be varied. A restructuring of interest rates by income level would produce savings, for a given distribution of loans, to the extent that the average interest rate on the loans increased.

Opponents of these proposals argue that current interest rates reflect the desired quantity of total U.S. foreign aid. Increased interest rates on development loans would reduce the quantity of aid provided, and therefore might lead to increased funding for other foreign aid programs. Those who oppose varying the degree of interest subsidy according to the incomes of recipient countries argue that development projects tend to help the poorest people within the middle-income developing countries. To increase interest rates for these countries, they maintain, would be contrary to U.S. foreign policy objectives.

END PUBLIC LAW 480 TITLE I SALES
(A-150-b)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 813 | 835 | 879 | 922 | 959 | 4,408 |
| Outlays | 813 | 835 | 879 | 922 | 959 | 4,408 |

Under Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), the United States lends at below-market interest rates to finance foreign purchases of U.S. agricultural commodities. New loans and direct expenditures for items such as ocean transportation totaled $850 million in 1981. New spending authority in 1982 is $803 million.

The Congress enacted the Title I program when there were large domestic agricultural surpluses that could not find markets abroad, in part because of difficulties in converting foreign currencies to dollars. During its first decade, the program financed between one-quarter and one-third of all U.S. agricultural exports. But as surpluses have dwindled and currency convertibility has become less of a problem, Title I sales have fallen in importance relative to commercial agricultural exports; in 1980, Title I sales accounted for only 5 percent of total agricultural exports of $18.1 billion.

The Congress could decide to end the Title I program, while continuing humanitarian food aid programs through Title II sales. This change in policy could result in savings of about $4.4 billion in outlays over the next five years.

Some favor ending this program because many of its original justifications no longer exist. Some also suggest that the continuance of subsidized sales may undermine long-run U.S. interests, in that artificially cheap food discourages local investment in agricultural production and the building of local stockpiles of commodities.

On the other hand, concessional sales through Public Law 480 provide the Administration with a flexible foreign policy tool

helpful to U.S. national security. About half the dollar volume of sales in the 1981 allocation is to countries also receiving assistance through the security-oriented Economic Support Fund and foreign military sales credits. Savings from the elimination of the Public Law 480 account might be offset by increases in the security assistance accounts for these countries.

CHARGE MARKET INTEREST RATES ON EXPORT-IMPORT BANK DIRECT LOANS
(A-150-c)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 2 | 15 | 55 | 118 | 183 | 373 |
| Outlays | 2 | 14 | 51 | 108 | 167 | 342 |

The Export-Import Bank (Eximbank) has a direct loan program that assists U.S. exporters by lending at subsidized interest rates to foreign purchasers of their products. The program supported about 2.4 percent of total 1980 exports. The Congress has limited Eximbank's 1982 new direct lending authority to $4.4 billion, down from $5.5 billion in 1981. If Eximbank charged a market interest rate instead of a subsidized interest rate, there would be savings of $2 million in 1983 and $342 million over the next five years. The volume of direct loans would also decline, further contributing to a decrease in outlays, although this reduction is not reflected in the estimates.

Currently, Eximbank charges 10.75 percent on nonaircraft loans, while the rates charged on comparable loans in the private market vary between 13.6 percent and 14.2 percent. 1/ In 1980, the total subsidy ranged between $200 million and $1 billion. Proponents of ending the subsidy argue that charging market interest rates would increase economic efficiency. They argue, moreover, that the current interest subsidy goes either to foreign importers in the form of lower interest rates or to U.S. exporters to the extent that they are able to charge higher prices. Because efficiency falls and foreign importers probably receive some benefit, the United States as a whole and nonsubsidized U.S. citizens as a group lose from this program's operation. 2/

1. Eurodollar and U.S. AAA corporate bond rates, December 1981.

2. Congressional Budget Office, "The Benefits and Costs of the Export-Import Bank Loan Subsidy Program" (June 1981).

Some argue against adopting this proposal on the ground that doing so would lead to higher unemployment. While ending the Eximbank interest subsidy would probably reduce profits in some exporting industries, particularly among commercial airframe and commercial nuclear powerplant manufacturers, it is not clear that it would reduce employment significantly in these industries because the effect of Eximbank's lending on the volume of exports is uncertain. Furthermore, any increase in output and employment attributable to the program may only occur at the expense of lower output and employment in unsubsidized sectors of the economy.

TERMINATE THE SOLVENT REFINED COAL-I (SRC-I) DEMONSTRATION PLANT (A-270-a)

| Savings a/ | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 145 | 155 | 170 | 180 | 190 | 840 |
| Outlays | 40 | 100 | 150 | 160 | 175 | 625 |

a. This savings estimate is based on the Department of the Interior and Related Agencies Appropriations Bill, 1982 (P.L. 97-100), which indicated Congressional intent to continue funding SRC-I. The CBO baseline, on the other hand, includes only $40 million in budget authority for fossil energy demonstration plants between 1983 and 1987, based on the authorization ceilings in the 1981 reconciliation act.

The Solvent Refined Coal Demonstration Plant is part of a program initiated in 1978 to design, construct, and operate full-sized commercial synthetic fuel plants to convert coal into more easily used fuels. Of five demonstration projects begun in the late 1970s, only the SRC-I plant, slated for Newman, Kentucky, remains. These five projects had been authorized at various levels totaling approximately $900 million by the beginning of 1981. In March 1981, however, President Reagan recommended terminating Department of Energy participation in these projects and turning over all federal synthetic fuels demonstration activities to the Synthetic Fuels Corporation. These actions, coupled with a mutual agreement among the cost-sharing participants in the SRC-II project, have effectively shut down all the projects except SRC-I.

The design of SRC-I is about one-third completed, at a cost of about $100 million through 1981. The Administration requested no funds for 1982; while the Congress provided no new budget authority, it did direct that $135 million deferred from 1981 be spent on completing the design. Continuing SRC-I to an operational stage is estimated to cost $1.5 billion. Termination would save about $625 million between 1983 and 1987, relative to a projection of the 1982 spending level.

Since the recent decontrol of oil prices, the energy market can better indicate which alternative energy sources are economic to produce. These signals should allow private energy developers to choose among investment alternatives without federal direction. Therefore, if the appropriate role for federal research and development programs is to transfer newly developed technologies to industry for commercialization, federal support for SRC-I could be eliminated.

In addition, although the SRC-I project might produce some unique technical advances in fuel-burning characteristics and environmental controls, smaller pilot plants might present more cost-effective demonstrations. Further, cutting the direct federal funding for the project would force developers interested in the process to commit more of their own funds and compete for capital in the marketplace. This should enhance the chances of choosing the most promising technologies for commercialization within the synfuels industry.

If the project is discontinued, however, these potential technical advances might not be realized, or might take much longer to achieve. Further, a reduced financial commitment from the government might cause the industry to proceed more slowly in developing synfuel technologies, resulting in continued reliance on potentially insecure foreign sources of oil and the large dollar outflows associated with high levels of imported oil.

TERMINATE THE CLINCH RIVER BREEDER REACTOR
(A-270-b)

| Savings from CBO Baseline | Annual Savings (millions of dollars) 1983 | 1984 | 1985 | 1986 | 1987 | Cumulative Five-Year Savings |
|---|---|---|---|---|---|---|
| Budget Authority | 210 | 220 | 240 | 250 | 270 | 1,190 |
| Outlays | 200 | 215 | 220 | 240 | 260 | 1,135 |

The Clinch River Breeder Reactor (CRBR) was originally intended to demonstrate that a liquid metal, fast breeder reactor could be operated safely and reliably to provide electricity for public utilities. Breeder reactors are nuclear reactors that produce more fuel than they consume. The commercialization of breeder reactors could contribute to increased opportunities for theft and diversion of nuclear materials, proliferation of nuclear weapons, and nuclear accidents. Also, the future need for breeder reactors and their economic efficiency are unclear. Termination of CRBR, which accounts for about one-third of 1982 federal breeder reactor costs, could save approximately $1.1 billion between 1983 and 1987.

Although originally portrayed as the flagship of the U.S. breeder reactor program, CRBR has been the subject of great debate and numerous budget controversies. CRBR has suffered from serious cost escalation (the current estimated total cost of over $3 billion is more than four times the 1972 estimate of $700 million), allegations of waste and abuse, and technical uncertainties. Further, some authorities consider the design to be outdated and unnecessary. France, which has devoted major efforts to develop breeder reactors, appears to be in a better position to proceed with commercial development. The possibility of licensing the French design bolsters the argument for terminating CRBR.

Some experts, on the other hand, continue to cite CRBR as a prudent and essential step in the breeder reactor research and development program. Terminating the project, however, would not necessarily imply permanent rejection of the U.S. breeder reactor program. In addition to the $195 million earmarked for CRBR in 1982, the Congress appropriated about $400 million for continued research and development in other breeder reactor programs. Consequently, even if CRBR is abandoned, ongoing research may eventually demonstrate the value of a successor commercialization project.